FIXED-TERM EMPLOYMENT: THE FINNISH WAY

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Abstract

Problems that arise from fixed-term employment confront both the employees and the employers: financial instability, loose commitment to work and uncertainty of the future working life are among the common concerns. This form of employment results in fragmented periods of work. Present article gives an overview of fixed-term employment in Finland and considers the current discussion of its implications in relation to age, gender, generation, occupational health, disability pension, old-age retirement, labour legislation and other social policy issues. Insecurities pertaining to fixed-term employment are likely to beget serious labour market and societal repercussions. The looming volatile situation calls for immediate interventive and proactive workplace actions from all parties concerned. Some comparative observations from Australian and other international casual employment contracts are also made.

Key words: Employment status, International relations, Labour force statistics, Social policy, Working life
INTRODUCTION

Over the past decade or two, different new types of employment relationships have emerged and prevailed as a part of the global labour market development and change.¹ In a characterisation of the labour force as a ’center-outskirts’ structure, the center comprises employees with permanent jobs, while the outskirts consists of workers with temporary, often unstable and insecure workplace agreements. This is also the case in Finland where fixed-term contracts are today broadly entered. In frequent numbers, young people, particularly part-time students and under-employed workers, find that the only available avenue into employment takes them down the ’casual’ pathway.² This paper is concerned with the particular way that fixed-term employment is arranged in the Finnish working life, with some comparative recollections from Australia.

Types of employment contract: definition, justification and legislation

Employees who enter into an employment contract for a fixed-term, for a trial period, or for carrying out certain tasks are considered as being in fixed-term employment.³ (This definition is somewhat tantamount to begging the question. It is also problematic because, e.g., a hired hand can be a permanent employee of the hiring agency.) This implies that a fixed-term wage or salary earner is a person who is not a public servant or government official (who can be impeached) in an open-ended employment relationship. There does not seem to exist a generally accepted definition of fixed-term work, but this term was officially used in Finland in the 1990s primarily to refer to employment contracts made for a fixed and short period of time.⁴ Note, however, that fixed-term employments are not necessarily synonymous with short-term employments. Nevertheless, some labour organisation parties in Finland equate somewhat loosely fixed-term work with part-time work. According to the Organization for Economic Co-operation and Development⁵ persons who work 30 hours or less per week are considered ‘part-time workers’ and those who work more than 30 hours per week are considered ‘full-time workers’. (Incidentally, the Finnish Institute of Occupational Health extended the flexible maximum excess cumulative
worktime from 30 to 40 hours per month for all its employees as of 31 October 2007.) In Finnish labour surveys, the classification of the form of employment as fixed-term work is determined based on the employee’s own announcement (subjective view) of the permanency (not duration) of the work relationship in a personal interview. As such fixed-term work is classified as a part of the scope of atypical work relationships. The associated term ‘precarious work’ refers vaguely to atypical or temporary employment relationships. More generally, precarity has been applied to a confluence of intermittent work and precarious existence. Precarious work differs from fixed-term work in that the social relations or changes involve a broader insecurity of material income and unstable life situation. Scholarly criteria of the dimensions differentiating atypical employment relationships have been presented in the Finnish context.

The primary form of an employment contract is valid until further provision. A fixed-term contract is specified for a stated period of time. At the end of this fixed-term or on completion of the agreed work, the contract terminates without giving notice. It is enacted in the Finnish Employment Contracts Act that every fixed-term contract, whether consecutive or not, has to be justified, for example, a deputyship for a woman on a maternity leave. If just one piece of the contract lacks justification, the contract changes according to the law into a permanent one. A permanent employment contract also originates if the employer lets an employee continue working, although a fixed-term contract had already expired. A working group has put forward a proposal to the Finnish Minister of Labour according to which an employer’s failure to present justification for a fixed-term contract should be criminalised, and it could be punishable by a fine.

The Act favours further the permanent contract over the fixed-term contract: it only allows the latter type of contract to be concluded for a justified reason. It also guarantees that workers retain their acquired rights in a continued relationship or even in the case of brief interruptions. In this way, the gap is narrowed between workers with fixed-term contracts and those with open-ended contracts. Fixed-term contracts that are concluded or
consecutively renewed without a justified reason are considered open-ended. The provisions reaffirming the preference for the open-ended contract are particularly significant, since one of the main recent developments in the employment relationship in Finland has been the prevalent usage of fixed-term contracts. In a similar way, the Employment Relations Act of New Zealand\textsuperscript{11} specifies that, in agreeing to a fixed-term employment contract that will end on a specified date, on the occurrence of a specified event or at the conclusion of a specified project, the employer must have "genuine reasons based on reasonable grounds" for specifying that the employment of the employee is to end in that manner.

There are different forms of temporary employment relationships. \textit{Project workers} are hired specifically to carry out a special contract with a stated expiry date, so that the employment finishes when the project ends. Earlier Swedish research has shown that project workers have more influence over their work and better possibilities to receive education and personal development than other fixed-term workers.\textsuperscript{12} \textit{Probationary employment} has also become common, with a prolonged trial period, typically a period of four up to six months from the start of employment. Additional fixed-term employment groups include \textit{substitute workers} (in particular replacing women on maternity leave) and \textit{seasonal workers} (for example during the winter resort season in Northern Finland). Hired \textit{agency workers}\textsuperscript{13} are increasingly being used especially in the private sector to level out seasonal peak periods or to recruit new permanent workers. The use of agency workers has its own problems arising from two parallel employers, high turnover and lack of commitment to work.\textsuperscript{14}

\textit{Casual workers} may be regarded as the least appreciated or insecure group in the respect that, although the tasks which they perform are genuinely needed, their work rarely leads to permanent employment. In Australian labour law,\textsuperscript{15} the expression ‘casual employee’ means a person engaged by the hour and paid on an hourly basis. Upon engagement, the employer shall provide to the casual employee an instrument of appointment which
stipulates the type of employment and informs the employee of the terms of engagement at the time of the appointment in relation to the duties required, the number of hours required, the rate of pay for each class of duty required and a statement that any additional duties required during the term will be paid for. In common parlance, the term ‘casual form of employment’ involves notions of itinerant or relief work, that is short term or intermittent jobs.\textsuperscript{16} In the case of the Australian porous regulatory system, casual employees have remarkably few rights, benefits and forms of protection agencies.\textsuperscript{17} In fact, they lack (or are ‘privileged from’) any rights to paid annual leave, paid sick leave, public holidays, bereavement leave, career’s leave, notice of dismissal and redundancy payments. Yet, a number of casual employees nowadays have ongoing associations with their employers and their employment is not necessarily limited to short periods. There are also many cases where casuals have reasonably predictable working patterns and regular earnings with expectations of ongoing employment. Casual employment is a distinctive (but not distinguished) feature of the Australian system.\textsuperscript{18} It accounts today in Australia for around one in every five workers, and most of them are directly employed without the involvement of temporary work agencies.

**Duration of fixed-term employment**

The temporal spectrum of fixed-term work contracts is wide, extending from maternity leave replacements of varying duration to project work that can last several years. Statistics

Finland has examined the relation between fixed-term employment and the overall length of working career in the Quality of Work Life Surveys.\textsuperscript{19} A characteristic of the fixed-term employment contracts in Finland is that they relate effectively to the beginning of work career, whereas full-time employment is concentrated in the middle years of people’s working lives.\textsuperscript{20} In the 1997 Survey, 13\% of female and 9\% of male wage and salary earners with more than ten years of work experience were still working on fixed-term basis.\textsuperscript{21} However, these figures do not indicate how many years of that time was actually
spent in fixed-term work. In a similar manner, the age of retirement alone does not reveal the entire span of worklife.)

A novel finding is that the future duration that Finnish workers spend in fixed-term employment constitutes a marked share of their entire working career. The data used for the estimation of working life expectancies came from Labour Force Surveys conducted by Statistics Finland in 1997-2006. A male Finn, with a minimum starting age of employment 15 years, was expected to work a total of four years under a fixed-term employment contract, combined over consecutive or separate time spans; that is, 8% of his maximum working career until retirement at 64 years of age. For females the expected figure was greater, 6 years or 12%. For the age interval 20-to-29 years, the percentages were 16 for males and 23 for females (Figure 1). Detailed results on the working life expectancies of fixed-term employees in Finland will be published elsewhere.

By way of comparison, under new Hungarian legislation, the maximum duration of a fixed-term contract is five years after which no extension will be valid. In the event that an employee continues working after the end of the fixed term with the knowledge of his/her immediate superior, the employment transforms to an ‘indefinite’ term contract. The amended Labour Code states that any fixed-term contract shall be deemed as indefinite if the contract is repeatedly established or extended without the employer having a legitimate reason to do so and this violates the employee’s legitimate interests.

**The prevalence of fixed-term employment**

Fixed-term and part-time workers constitute a rather significant proportion of employees in Finland as well as in the European Union, no doubt due to labour demand and supply factors. On average 17% of the total EU employed population worked part-time. The Labour Force Survey conducted in 2006 by Statistics Finland show that the prevalence of wage and salary earners with fixed-term contracts was 16% (20% in females and 13% in males) (Table 1). (Workers earning weekly wages or monthly salaries are hereafter
jointly referred to as *wage earners*, because in the surveys fixed-term employees were counted as those who happened to be working in such jobs during just the *week of investigation*.\(^6\) The prevalence has remained at the same level since year 2000. In new work contracts which have lasted less than one year, the proportion of fixed-term employees is significantly high in Finland: 60% among females and 44% among males in the 2007 survey.\(^5\) The prevalence of wage earners with fixed-term contracts grew in the 1980s to reach 18% in 1997, but has since then declined somewhat.\(^24\) This drop was largely due to cutbacks in subsidized employment measures.\(^25\) According to the Finnish Labour Force Survey in 2006, for 66% of the wage earners engaged in fixed-term employment there was no permanent work available, for 8% it was associated with training or a trial period, and 26% did not want permanent work.\(^6\)

<Table 1>

Moreover, the latest Finnish statistics continue to give concern as they show that although the proportion of fixed-term workers of the total number of employees have declined slightly in the public sector (from 25.1% in 2005 to 24.8% in 2006), their share varies greatly, for example, across the different government ministries ranging from 29% in the Ministry of Labour to 11% in the Ministry of Finance.\(^26\) As noted by Sutela,\(^27\) “Consecutive fixed-term employment contracts are especially common among female employees in the public sector.” The proportion of fixed-term employment has traditionally been commonest (25%) among highly educated women.\(^21\) However, better education has not improved women’s position to advance to permanent employment. Finnish Government is also a big employer of the state universities' personnel; in 2006, 36% of the university staff members were fixed-term employees. Government aimed at reducing fixed-term contracts by converting them into permanent ones through tightening legislation (in 2001) and by other means, including by ordering government ministries to investigate their justification.\(^26\) Similarly, the University of Helsinki accepted a new personnel policy program for 2007-2009 which purports to cut down the number of fixed-term and short-
term employment contracts. With men, the situation was reversed: the proportion of fixed-term employment was lowest (10%) among men who had tertiary education.

The Finnish statistics show that in 2006 a fixed-term employee worked clearly more frequently in agriculture or forestry (31%), in health care and social work (30%), or in educational work (26%) than on the average (16%). Classified by socio-economic status, the percentage of fixed-term employees was highest among lower-level salaried persons doing routine work (25%). Fixed-term employment has been commonest in the female-dominated municipal sector in the occupational group of education as well as in health and social care. In these fields, women had more often signed several successive contracts with their current employer than their male counterparts.

**Traditional versus modern fixed-term employment**

Fixed-term employment traditionally was used for seasonal or periodical jobs in situations where permanent work was not available. Today’s fixed-term employment contracts are not intrinsically ‘piecework’ jobs. Two examples are well-educated women working in the public sector as temporary substitutes for (possibly several) consecutive periods and professional men in highly paid posts in project work. These two groups’ engagement in fixed-term employment is often a positive voluntary choice, not necessarily an obligatory job enlistment (like the compulsory military service for Finnish men for a fixed-term of less than 1 year). People may for personal reasons simply not want to seek permanent posts.

The reasons for fixed-term employment vary by economic activity sector. In the female-dominated municipal sector, the most important basis is deputyship. For example, teachers are hired only for a year of study or working days of a term. In the public sector, fragmentary funding is regarded the main reason. At the universities, for example, teaching and research work is predominantly fixed-term. A significant part of fixed-term jobs is a result of projects carried out with outside funding that lasts a certain time. A
great deal of these jobs is due to studies (mainly post-graduate) done in a work relationship. In the private sector, temporariness of work relates to the project nature of the work assignment; a project has a defined duration from a start to finish date, regardless of whether work ends unfinished, as is often the case because funding expires.

The attitude of persons working in fixed-term employment contracts is ‘bipolar’. Some people experience the insecurity of the employment contract as negative, especially women working as deputies for ‘chained’ periods in the municipal health care sector who get their pay from employment funding, while others feel positively that their position in the work community is strong and demanding, for example, professional men aged under 40 years hired in well-paid and challenging project work requiring high-level expertise in the information technology field.21

**Adverse health consequences**

A systematic search for studies of temporary employment and various health outcomes identified 27 studies.29 The evidence suggests temporary workers have a raised psychological morbidity and high employment instability compared to the health experience of permanent employees.

A Finnish study30 examined the self-reported health and recorded spells of sickness absence of a cohort of 5650 fixed-term employees and substitutes in ten hospitals. The perhaps unexpected findings were that contingent employees fared better in both respects than their permanent counterparts. The differences in self-rated health may be partly explained by differential selection out of the workforce for health reasons, and differences in sickness absence by unequal thresholds of taking sick leave or working while ill. But no difference was found in the prevalence of diagnosed diseases and psychiatric morbidity between the compared groups.
Another Finnish labor market questionnaire study\textsuperscript{31} on perceived morbidity found fewer fixed-term employees than permanent employees reporting work-related illnesses and symptoms. On the other hand, more work accidents were reported by fixed-term employees, who often change jobs and have to adjust to new work environments. The rate of work accidents diminished with the continuation of the work relationship,\textsuperscript{31} no which is no doubt partly due to increasing years of experience.

In Germany, scenarios were developed and mathematical modeling was applied to predict the magnitude of potential adverse impacts of fixed-term employment on health.\textsuperscript{32} A shift in employment by 5, 10 and 15\% from permanent to fixed-term employment was assumed. The risk assessment found that the change in reported health status could lead to an additional one, two and four hundred thousand people with poor health, per year (number of permanent workers 5.6 million and fixed-term workers 1.1 million in Germany at baseline), respectively.

It has been hypothesized that fixed-term employment can cause mental stress. When fixed-term or temporary work is perceived as an interim phase in working life, it can be connected to finding longer term or permanent employment.\textsuperscript{33} It has been argued that fixed-term employment is always better than no work at all.\textsuperscript{34} The situation becomes stressful when fixed-term employment forms a trap of insecurity from where the only escape is unemployment.\textsuperscript{35} There are in fact a number of dimensions of insecurity, such as income insecurity and job insecurity.\textsuperscript{36} Studies have shown that the effects of insecurity are apparent in the lowered mental well-being of employees, for example, as signs of work dissatisfaction and work tiredness, as well as stress and psychosomatic symptoms.\textsuperscript{37, 38} A register linkage study of 65 200 civil servants of ten Finnish towns found that temporary employment is associated with antidepressant use among women and men, and that this is more pronounced when employment is unstable.\textsuperscript{39} The highest usage was found among long-term unemployed persons who were in short-term government-subsidised temporary employment.
Interestingly, Japan’s so-called ‘lost generation’ also suffers from more mental illness. This group is called a lost or suffering generation and comprises people in their late 20s and early 30s who came of age during the country’s so-called ‘lost decade’, a stretch of economic stagnation that started to ease in 2003. Through that period, many of them settled for odd jobs or part-time work but hoped eventually to find their way into regular employment in a country that traditionally has and still values lifetime employment. Workers in their thirties accounted for more than 60% of all cases of depression, stress, and work-related mental disabilities in 2006, up from 42% in 2002, according to a study by the Japan Productivity Center for Socio-Economic Development. This finding is, “Because of the anxiety stemming from job insecurity, it is quite natural that these people have problems,” says Susumu Oda from the Mental Health Research Institute, the psychiatrist in charge of the “Activities on Mental Health” survey.40

In addition to the psychosocial stress associated with the uncertainty of work continuation,41 temporary employment carried a 1.2 (women) to 1.6 (men) times higher risk of mortality, especially from alcohol-related causes and smoking-related cancer, compared to the risk among permanent employees in Finland.42 Moving from temporary to permanent employment was found to lower significantly the risk of death. Another Finnish study found that good health status seems to promote the chances for a fixed-term hospital employee to reach permanent employment.43 A recent Finnish study of initially fixed-term employees in the public sector provided evidence of a health-related selection into employment trajectories and suggests that these carry different health risks.44 After adjustment for health status and psychological stress at baseline, a work career that involved unstable employment during a four-year prospective follow-up was related to a 2.5-fold increased risk of ‘nonoptimal’ (average, fairly poor, or poor) self-rated health. But, despite the adopted design the direction of causation could still be reverse: a case of people who became sicker during the follow-up period being less capable of having stable
employment, rather than that entering unstable employment tends to incur people poorer health.

**Socioeconomic and other practical implications**

In the interviews preceding the Finnish Quality of Life Surveys, fixed-term employment was linked to the stressfulness of constant insecurity, difficulty in planning the future, as well as competition and conflicts arising especially at work places with a lot of fixed-term employees.\(^{21}\) Besides health-related adverse outcomes there are general socioeconomic concerns related to fixed-term employment that may render practical matters difficult. For example, people may not be eligible to finance a mortgage loan. This situation may, in turn, make living conditions and working conditions harder and thereby cause extra stress.

The Finnish population is rapidly aging, and this demographic progression can entail serious social and economic implications for the society in the coming years. This is because the looming labour force shortage could undermine the sustainability of a welfare state.\(^{45}\) Sustainability of pension systems, intergeneration fiscal equity under population aging, and accounting for health care benefits for future retirees are among the current demographic and sociologic issues that need to be addressed.

The Finnish Employment Contract Act takes a less restrictive stand to part-time work than to fixed-term employment contracts:\(^{8}\) no justified reason for part-time work is needed. However, such work is not equally distributed between genders and age groups, and varies across different occupations and sectors of economic activity. Part-time work is associated with several negative qualities of work and employment, such as fewer opportunities for training and career progression, weaker job tenure, lower salary levels, as well as less access to supplementary payments and social protection benefits.\(^{46}\) Conversely, part-time workers are less exposed to occupational hazards, for example, poor ergonomic conditions, noise, vibration, handling of dangerous substances and more likely to achieve a positive work-life balance. A report of the European Foundation for the Improvement of Living and
Working Conditions addresses the subject of reorganizing time requirements between fixed-term and part-time work specifically from the life course perspective.47

**Gender inequalities in working life**

Gender imbalance constitutes a significant factor in fixed-term employment relationships. According to the Finnish Labour Market Survey 2004, temporary employment contracts among the highly educated are typically a problem of young women.48 The clustering of work with a fixed-termination date among females in the family forming age suggests that the employers may try to circumvent rules regarding a notice of discontinuation of contract and expenses that derive from a family (maternity and paternity) leave by using temporary jobs. Not all employers seem to realize, or disregard, the fact that a temporary work contract cannot be left unrenewed or limited in duration because of pregnancy or family leave. However, for an individual fixed-term employee it can be difficult in her or his position to question the basis of the temporariness. According to a questionnaire study conducted in Finland by the Office of the Equality Ombudsman,49 the failure to renew a temporary employment contract is one of the most common problems of equality, and it can discriminate against women.

There are four factors that are likely to bear on the issue of gender-inequality in the duration of working life in general and indirectly affect the permanency of employment. First, women are employed more often than men in branches that have had, and still have, a lower professional retirement ages in reference to the present, Finnish statutory retirement age. For example, in 2004, 44% of women and 22% of men had a retirement age less than 63 years. It may be that some women did not have had time to be on sick leave long enough so that they would be transferred to a disability pension. Second, women tend to report much more than men complaints that are subjectively experienced as troublesome, but for which the medical finding remains slight. These ailments include, for example, various disorders of the musculoskeletal system such as fibromyalgia. In a majority of these cases, pension fund institutes assess the reduction of work ability to be
much less than the self-assessments of the concerned individuals. For women this practice may contribute to an increase in the number of adverse decisions on receiving a pension. The accumulation of such ‘slight’ ailments among women could, in part, explain the outcome. Third, men’s work in the public (especially municipal) sector is frequently technical and physically burdensome. In these cases, the rejection of a disability pension is more unlikely. An indication of this is the lower than general rejection statistics of Finnish mutual pension insurance companies that cover, for example, construction workers, rescue workers, longshoremen and agricultural workers. Fourthly, there do not seem be differences in Finland between genders in the offering and receipt of occupational rehabilitation. However, for women who are employed in the social and health care fields, frequently characterised by fixed-term employment, it may be easier than for men to find physically lighter work. This is because in these fields workplaces are, on average, larger and the possibilities of finding new (an sometimes better paid) jobs are more plentiful (e.g. for nurses in Sweden, Norway and England) than in the typically male-dominated fields.

**Life course and employment stability**

The life course of the ‘baby-boomer’ generation (the large age cohorts born in 1945-1949) in Finland formed mainly from successive chronological phases: first schooling, then work and family life, and finally retirement. A notable proportion of these people have spent their entire working career with a single employer. (e.g. the author of this paper has thus far been employed under a permanent or ongoing contract for 36 years singularly by the Finnish Institute of Occupational Health.) Later generations’ life paths have been much more variable and their work lives have consisted of shorter spells with each employer. The analysis of European socio-demographic categories confirms that “stable employment, measured by the proportion of citizens who never changed their employer, was more common in the past than is at present”. Eurobarometer data from 2006 demonstrate that 43% of retired Europeans had stayed with the same employer for more than 20 years. But job mobility is now a reality in Europe: 55% of retired citizens had changed employer
between one and five times in their working lives. Those age groups that have enjoyed most stable employment are currently approaching retirement age (persons aged 55 or over) and have evidently not experienced shorter, fixed-term work spells.

**Risk of labour force shortage and intergenerational conflict**

The analyses of the data from the Finnish surveys suggest that the work ability of aging workers deteriorates prematurely before the statutory retirement age leading to far-reaching socio-economic consequences. This outlook calls for an overall approach to remedy the situation: on one hand a greater flexibility for younger employees to make working and private life activities compatible; on the other hand, a concerted effort to encourage higher labour force participation of senior workers, particularly expert personnel; and also workers aged 30-to-45 years – in the middle of their perhaps most productive worklife period – would seem to need more flexibility than present working time arrangements to enhance their chances to become even more efficient.

Free time is appreciated clearly more when one ages, and particularly men tend to retire early in order to gain time for their own activities. However, mature age workers still have the potential to make a continuing social and economic contribution, even if in shorter fixed-terms. The extent of this contribution will depend upon their ability to remain active in working life, and their interest in doing so. Participation will also be influenced by the changing nature of work and the employers’ attitude towards the value of mature age workers. The present working aged population in Finland, especially the ‘baby-boomers’ who have stayed in worklife longer than their predecessors, will be reaching retirement age peak in large numbers in about 2007-2012, as younger and smaller cohorts are joining the labour force.

For Finland, the predicted consequence of this demographic development and change is a steady ongoing shrinking of the working aged (15-64 years) population followed by a slowdown and decline of economic growth. This change started in around 2005, with no
evident increase in the number entering labour market. Hence Finland is facing a future of dwindling numbers of employed who would have to pay for the increased costs of health care and social security of the expanding retired population. The young may resent the tax burden imposed on them to pay for pension and health expenditure on the old. Some parties can demand that priority should be given to curbing the burden of taxation on the working population. On the other hand, an intergenerational conflict can transpire if the baby-boomers must prepare themselves to give way economically to the succeeding generations. It may be reasoned that the generations now approaching retirement age do not have an automatic right to expensive social welfare subsidised by younger workers.

Paralleling the post war development in Finland, for Japan’s baby-boomers jobs provided certainty, making it possible to live with a partner and found families. Confronted with job-insecurity, however, the members of the lost generation formed fewer marriages, which resulted in a lowered birth rate. The apparent reason for this untoward development was, at least in part, the lack of maternity pay, and no guarantee of return to work. These young people formed the new underclass with a lower position in Japanese workplace hierarchy.53

Workplace relations, work choices and social segmentation

How does the above outlined working life situation relate to the chosen form of employment? An unwanted side-effect of fixed-term employment on the Finnish society may be that inter-generational equality does not occur. This is because the proportion of employees doing fixed-term work increases sharply when one moves to younger age groups (Table 1). It follows that many of the pros and cons regarding fixed-term versus permanent employment are seen when we look at a younger or older worker populations, say on either side of the 30-year mark (Figure 1). Usually fixed-term contracts are regarded as more insecure than permanent ones. However, it could occasionally happen that a sequence of fixed-term jobs in the private sector for a young person is a more secure choice (just because it is agreed to lasts for a fixed duration) than a permanent job
in the public sector (which can cease at a short notice). By way of example, the activities of the established national institutes of occupational health and safety were ground to a halt in Australia (Worksafe)\textsuperscript{54, 55} and closed down for good in Sweden (Arbetslivsinstitutet)\textsuperscript{56} by a political decision and the total personnel’s employment contracts consequently terminated in their contemporary form, whether permanent or fixed-term.

Another negative point is that the new generation of fixed-term workers will probably have to continue working beyond age 63 years, and yet their pensions could remain at 30 to 40 percent of their average wage. It has been debated that the consequence is that doing fixed-term work does not suffice for paying the large generations’ pensions in Finland (currently 60-to-66 percent of agreed wage depending on the chosen pension scheme).\textsuperscript{57}

On the other hand, as pointed out by Ylikorkala et al,\textsuperscript{58} a permanent work relationship is often a significant rewarding factor for an employee. It creates security and possibilities to plan one’s personal economy better. Persons employed in permanent jobs can also commit better to the tasks of a work place. Persons with a fixed-term contract have to consider more often alternative plans, and they experience job insecurity. But a fixed-term worker can also feel relatively security, if the economic outlook of the organization is such that it affirmatively promises a continuation of the contract.

Saloniemi et al\textsuperscript{59} questioned whether the increase of fixed-term employment leads to poor psychosocial work environment conditions. The researchers argued, “The growth of temporary employment as such seems to have only limited potential to create new social divisions or to strengthen existing ones[;] in Finnish labour markets politics and policies do still matter in issues of working life.” In Finland, the basis for the growth of fixed-term employment differs greatly with regard to the structure of the labour force from that in the UK and in the USA. The researchers stressed that this expansion has not lead a significant division between better jobs for permanent employees and worse jobs for fixed-term employees. This relatively small segmentation of the labour market until now is due to the
special local Finnish conditions, such as the large public sector, the small size of establishments, high union participation, and an ethnically homogeneous population. Nevertheless, there exists a real danger in Finland of a division of the labour into ‘inner’ and ‘outer’ circle: those whose position in the labour market is permanent and financially well-founded (inner circle) and those in atypical employment (outer circle). The latter sub-population acts as a labour force buffer to the inner circle whose position thus becomes more secure. Although Statistics Finland’s Survey results can be interpreted so that enterprises hire fixed-term employees dictated by the demands for flexibility regarding labour availability and cost savings, the insecurity is stressful to an individual worker regardless of its reason. An interesting current observation is that firms are interested in changing fixed-term contracts into permanent ones in view of the expected economic downturn and the following labour shortage. On the other hand, the Australian Bureau of Statistics Survey on employment arrangements found that the clear majority of fixed-term employees (72%) expected that their contract would be renewed. This finding indicates that many fixed-term employees may have a longer tenure than their employment arrangement would suggest. Therefore, fixed-term employment can be viewed either with a negative attitude or a positive attitude depending on the individual worker’s personal employment or life situation. Either way, the length of the work careers of fixed-term employees in Finland falls short of those of employees in typical work relationships, with the duration of employment varying greatly by gender, age, and calendar year.

In stark contrast, in Japan a dispute has opened between temporary workers and full-timers, where disgruntled contract workers are pressing for a change of the old-fashioned way. Hierarchy-conscious Japan divides today under- and unemployed people into various sub-groups. Four distinct subgroups can be named: people employed by agencies, contract workers, people who move from one low-paying job to another, and those who are neither employed, in education, or in training. The plight of these temporary workers is
that they are occasionally covertly underrated by their full-time co-workers despite their qualifications or work records.\textsuperscript{53}

**Flexibility of working hours**

The Fourth European Working Conditions Survey\textsuperscript{63} reveals that regular working hours are still the norm: 58\% of workers work the same number of hours every day, 74\% the same number of days every week, 61\% have fixed starting and finishing times. 17\% of respondents reported working part-time, but 22\% of part-timers would prefer to work full-time. Part-time work is strongly associated with women (29\% of females, 7\% of males).

In the 2005 survey both company managers and employee representatives reported positive outcomes of flexible working time, including a higher degree of job satisfaction, better adaptation of working hours and changes in the workload and lower absenteeism. The survey found that about two thirds of all establishments in Finland, Latvia and Sweden offer flexible working time arrangements.\textsuperscript{63}

According to cross-sectional studies conducted by the Finnish Institute of Occupational Health in 1997, 2000 and 2003, company-controlled flexibility regarding overtime work and irregular working hours has ceased to increase.\textsuperscript{64} In 2003, 38\% regularly worked overtime each month, and received either monetary or time out compensation, whereas 13\% did so without any compensation. The study concluded, “In work communities where individual flexibility of working hours was possible, the mental and social well-being was also better. If individual flexibility was possible during times when flexibility was required for production reasons, there was also less stress. This type of reciprocal working hour flexibility made it easier to combine work and domestic demands.”\textsuperscript{64} In the most recent interviews in 2006, the proportion for compensated overtime was 31\%, a fall of 13 \% compared with the year 2000.\textsuperscript{65} Regular daytime work was in 2003 still the commonest type: two thirds of workers had a daytime job.
Surveys found that the proportion of regular daytime workers had reduced six per cent in the period 1990-2003, but the number of shift workers had increased by eight per cent.\textsuperscript{24}

By way of comparison to Finland, almost a third of Australian employees work unsocial hours – between 7 pm and 7 am – and published figures from an Australian Bureau of Statistics independent survey analysis show 37 per cent of employees work overtime or extra hours.\textsuperscript{66} “It is not just family life, but community life that is being compromised,” said the director of the Workplace Research Centre at Sydney University, Dr John Buchanan.\textsuperscript{67} “Work Choices legislation formalized the abolition of the standard working week.” He continued by saying the trend was driven both by businesses seeking to maximize profits and workers’ ever-growing consumption desires. “On the demand side, employers are looking for better ways to get the most out of their workers. On the supply side, we’re caught in a fairly destructive work-spent cycle, we spend more, we have to work more to keep up with our consumption. It’s a lot harder for people to achieve that within standard hours, so they’re working overtime.” A further comment by David Peetz, a professor of industrial relations at Griffith University, was: “The trend of an increasing incursion into the balance between work and life is driven more by employer demands than employee wishes” \textsuperscript{67} The federal Employment Minister, Joe Hockey, said the figures simply reflect a long-term trend towards a more service oriented economy. Moreover, many professional industries competing successfully in global markets need to operate across different time zones. “Our analysis, which is based on ABS figures, shows that Australians’ working hours are slapbang on the OECD average and ... actually decreasing,” added Peter Hendy, chief executive of the Australian Chamber of Commerce and Industry.\textsuperscript{68} But, the Opposition workplace spokeswoman, Julia Gillard, noted the ABS figures show the precarious nature of employment for some people in Australia who may not be getting proper compensation for working long hours and weekends.

On a particular workplace relations incident, the Australian Minister, Joe Hockey, said casual workers who sign workplace agreements can refuse shifts so that they can attend
religious services. This statement was prompted by the following news item: ‘A call center withdrew an offer of casual work after a Sydney pastor refused to sign an agreement requiring him to be on call seven days a week. Mr Hockey replied: “Employees do have the reasonable right to refuse shifts and [have] protection from discrimination.” 69

**Legislative actions on pension policy**

The Finnish population is aging earlier and more rapidly compared to many other European Union countries. The problems of aging are accentuated due to the fact that in Finland workers exit the labour market at relatively early age (on average age of 59 years). As already noted, the labour force will begin to decline over the next few years. In addition to labour shortages, Finland will face slower growth and ballooning social security and health care bills unless necessary action is taken to reverse the long-term trend to early retirement. For these reasons, it is important to have available accurate quantitative estimates of the current trends in the permanency of Finnish employed population as well on the short-term forecasts of future developments. 70

When preparing for this demographic development of aging and to alleviate the pressure for growing health care and medical expenditures, the Parliament of Finland passed new legislation in 2003 for the private sector to postpone pensioning off from regular work on a permanent basis. The legislative package included several measures. The possibility to move on gradually to early old-age pension was changed from 60 to 62 years, and the upper limit for work life was extended from 65 to 68 years. The transfer to a disability pension was made easier, but the threshold is clearly higher than that of the present early retirement on individual early retirement pension. The latter type of retirement was intended for persons whose work ability has diminished, but who are not entitled to disability pension. This individual old-age pension is no longer, as of year 2004, being granted for persons born after 1943. Unemployment pension was discontinued. The age limit for part-time pension was elevated from 56 to 58 years for persons born in 1947 or thereafter (with a lowering of the amount of subsequent old-age pension). Most
importantly, pension (superannuation) entitlements will be linked to lifetime earnings and increasing life expectancy are allowed to affect the retirement age. All these measures, which came into effect in 2005, are geared at providing more incentives in the future for people to remain permanent members of the labour force over a longer period earning wages. Against this background, fixed-term jobs, even if of short duration, offer a viable alternative form of employment for persons contemplating whether to retire or continue in working life.

**Current public concerns**

Recent relevant articles which appeared in the leading Finnish newspaper\textsuperscript{71, 72, 73} were concerned with the working situation of fixed-term and part-time employees. Readers were asked to suggest an agenda for a lobbying group that should be founded for pursuing the interests of employees doing fragmentary work. The following list of items proposed exemplifies some of their dissatisfactions and available options.

- The public sector employer, in particular, should be made accountable for the fact that its commonest form of recruitment is a fixed-term contract that often incurs unsatisfactory conditions.
- Fixed-term workers with a higher education are willing to accept, in lack of another option, a lower-ranked position, with a smaller salary than what their qualification would entitle, given that the available job is a permanent one.
- Researchers with a doctor’s degree often choose not to continue their professional career if it means sequential bits of temporary assignments in project work. Instead they prefer to seek permanent, perhaps less challenging work in private companies.
- Researchers and university lecturers in fixed-term jobs find it hard to apply for scholarships. This is because if they do not have a permanent vacancy to which to return after a time off on a scholarship (i.e. they become unemployed) they risk loosing an earnings-dependent unemployment compensation regardless of their accumulated years
in employment and the amount of paid social security etc. payments. This is a compelling concern, in particular, of female students.

- Inequities in the current Finnish legislation regarding the standing of fixed-term versus regular employees, for example, in the meticulous stipulations for obtaining a salary-related unemployment compensation.

- Labour unions do not seem to be interested in the problems of fixed-term employees who are predominantly young women, often unorganised freelance workers.

- The Finnish government’s attitude to the lowered or postponed fertility among young women seems to be in conflict with its consent to a policy of hiring fixed-term and short-term employees.

- The constant insecurity of the continuation of work contract can cause exhaustion and, in case of temporary unemployment, even depressive episodes can occur.

**Closing comments on necessary actions**

The above-mentioned cogent concerns should alert employers and politicians to necessary actions that would bring about favourable changes in the working situation of fixed-term employees. Employee organisations agree that fixed-term employment involves multiple problems which are serious and they have continued far too long. A Finnish political party went as far as to suggest in its election program that the number of fixed-term jobs should be reduced by tightening the obligation to change these into permanent ones and to raise the employers’ social security tax for those firms that employ fixed-term and part-time workers in large numbers. All parties concerned should jointly discuss whether Finland wants to bring up an employee population that clings to uncertain working conditions, and whether the employers utilize fixed-term contract workers in different industrial sectors merely as a buffer workforce to attenuate economic trends. (Acts relating to working life are drafted in Finland in tripartite consultations between Government, employers’ and employees’ central organisations.)
The benefit of fixed-term employment for the firms is that they can transfer the burden of instability from the employer to the employees. This is achieved by hiring an increasing number of fixed-term workers who are more easily manoeuvrable (i.e. mobile and flexible) to adjust to the demands of today’s volatile labour markets. Employment contracts which are formed because of a sudden change in the administrative structure of the organisation (e.g. owing to sale of a firm) must be regarded as fixed-term employment contracts. The shortcoming is that temporary jobs intended to fill a fixed-term labour shortage seldom lead to permanent employment and thus causes continuous uncertainty. In a recent court case, the University of Helsinki was ruled to pay compensation to a worker whose employment relationship that had lasted continuously for 7 years was terminated after a record of 18 fixed terms (sic!). Although the funding of the projects in which he worked was obtained annually, the tasks had remained the same. In addition, the justification of the fixed term was not always mentioned in the contract and sometimes even after a term had expired.

Leisti et al examined the scope of employment relationships in Finland from the perspective of labour legislation and work protection. Their evaluation was that the efficacy of the new Employment Contracts Act in addressing and solving problems of labour legislation in various employment relationships does not necessarily respond to the needs arising from the new forms of work. Thus, more attention should be paid to situations where the worker’s (e.g. a self-employed person or an entrepreneur) circumstances are actually similar to an employment situation.

Fixed-term employment may also satisfy the needs of an employee in terms of a looser commitment to work. One’s own work is seen only as a project lasting a defined duration. But to the employer this attitude causes problems in the work community. Thus the European Employment Strategy has invited labour market organisations to “promote flexibility combined with employment security and reduce labour market segmentation”. This notion refers to an active employment policy and has been termed ‘flexicurity’.

The
term is derived from Scandinavian social systems – most notable the Danish model – which manage to reconcile flexibility for enterprises with a high standard of social security for workers. The discourse is problematic, however, in that it is used to aim at conflicting objectives. According to the Chairman of The Confederation of Finnish Industries, Mr Antti Herlin, in a future open and ever more competitive economy an ability to react to changes (that is flexibility) is the best form of labour protection. In his opinion, it is vital to actively adopt good practices and innovative environments, a prerequisite for which is competent people. In a concurrent assessment of flexicurity, Dr Anna-Leena Lehto, a Finnish sociologist, claimed that a continual change of workplace creates insecurity and is a threat to productivity. She proposed that to best utilize competent workforce one should create improved cooperative models for a safe working environment which begets innovation and aspiration to develop oneself and one’s own work. These elements, in turn, are the basic building blocks to ensure sufficient economic growth for sustaining productivity and good working standards. As remarked by Dr John Buchanan, “the challenge is not to pit ‘standards’ against ‘flexibility’ but rather to devise standards for flexibility.” The new Finnish Government programme stated that “Working life will be developed in cooperation with the labour market organisations so that flexibility and security form a balanced entity.” The debate centers around the question as to how the approach to a better work-life balance should be transposed throughout in the European Union, who will define the term in the Commission Communication.

If the current situation persists, it is likely to lead to untoward labour market and societal repercussions. In a debate concerning fixed-term employment contracts, former Finnish Minister of Health and Social Affairs, Sinikka Mönkäre, brought to the fore that for many fixed-term work is life’s dream, but still an unattained dream. The discussants argued that fixed-term workers cannot contribute to solving the problem of especially long-term unemployment unless their social security is adequately taken care of. Although fixed-terms jobs have their advantages, they still split up the life of people to a succession of projects. The real-life big projects, such as founding a family and buying a home, are often
preceded by work projects. Thus there is reason to call for a thorough evaluation of the status of fixed-term workforce in Finland and to seek alternative means to improve the current unsatisfactory situation. The State’s working group has recently proposed that the law governing civil servants should be changed so that the justification for fixed-term employment should be stated in the contract, and that the employment relationship must also last throughout the whole period according to the given justification.84

Finally, this overview stresses the better deployment of fixed-term labour so as to not undermine its longer term development. The conundrum, which needs a conceptual answer rather than a short-term relief, is whether to actively influence the employment or let it flow volatilely with the economic currents. Regulating by improving existing labour legislation is one solution but is fraught with political difficulties. Other suggestions on how to improve the working standards are provided by good practices and work arrangements such as professional life-long training and new forms of parental leave, as well as the balancing of work, private and family life.

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* The numbers are given in hundreds. The summands do not always add to the total number due to rounding imprecision. Persons who could not state the type of employment contract are included in the total number of employed but are not shown separately.

Fig. 1 Age distribution of female fixed-term employees in Finland 1997-2006.


   http://www.stat.fi/meta/kas/maaraaik_tyo.html


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