

English Summaries

COMPOSITION OF THE JOB-SEEKER STOCK IN LABOUR MARKET MATCHING

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The article concentrates on the role of the job-seeker heterogeneity in the process of matching job seekers and vacancies in Finnish local labour markets. The data consist of register based monthly data from the state-run employment agencies covering period 1991/01-2004/09. Search in the labour market is modeled by the matching function. Job seekers in different labour market positions (long-term unemployed, unemployed with spell shorter than a year, employed and job seekers out of the labour force) and with different education level are allowed to have their own employability in the matching function.

The results indicate that the composition of the job seeker stock affects the ability of local labour markets to produce filled va-

cancies. Increase in the share of job seekers out of the labour force improves matches while increase in long-term unemployment decreases matches. Primary and highly educated job seekers speed up the matching process in relation to job seekers with secondary education. The case of densely populated areas, however, deviates: despite that the share of primary educated is lower than elsewhere, it is too high with respect to requirements of vacancies.

The matching of skills of job seekers and requirements of vacancies is a challenge for the future in the Finnish labour market with decreasing labour force and increasing difficulties to fill vacancies. Resources in state-run employment agencies released from working with mass unemployment should be allocated to the solution of the problem of mismatch between job seekers and vacancies.

ARE THE DEMAND AND SUPPLY OF LABOUR MATCHING IN THE FINNISH LABOUR MARKET?

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Improving the matching between open vacancies and jobseekers is mentioned in the government programme in Finland. The traditional way to look into the availability of labour and related problems has been to study the demand of labour. Even though very thorough statistics have been compiled on labour supply in Finland, still there has been no simultaneous systematic study on both the demand and the supply of labour. In Finland, almost no studies have been made on labour market matching.

This analysis presents a model for describing the balance, demand and supply on the Finnish labour market. The model has been developed based on the examples in Denmark and Sweden. The balance model is divided into six different categories. The problems related to supply of labour are divided into the categories of “great oversupply” and “oversupply of labour and structural unemployment”. The problems related to demand of labour are divided into the categories of “labour shortage” and “not much labour and occurrence of recruitment problems”. In addition, the model includes separate categories for the balance between demand and supply of labour and the so-called paradox problems. A paradox problem means a situation where there seems to be a balance between demand and supply, but very many open vacancies exist, and the demand and the supply do not match well in reality.

In a study including all occupations, the labour market is weighted towards the category of “great oversupply”, but there are also many occupations having a balance. With regard to the match between demand and supply of labour in the Finnish labour market, a clearer picture than a mere study of occupations is obtained, if you also look into the number of unemployed people and the number of open vacancies. A study of the number of unemployed people by occupation moves the emphasis from oversupply towards paradox problems. Whereas a volume-related study of open vacancies reveals a great labour shortage. In a volume-related study, the open vacancies also include many occupations suffering from paradox problems. When restricting the matching study only to occupations suffering from recruitment problems, the demand shows similarity to the demand in the labour market as a whole. On the contrary, there is no great oversupply of labour in connection with occupations suffering from recruitment problems, but there the emphasis of labour supply lies on problems related to demand, as well as paradox problems. According to the balance model it can be said that unbalances do exist in the Finnish labour market.

The balance model for Finnish labour market has been developed on the statistics of May 2007. For further analysis, the data base of the model has to be widened for longer reference time. After that, there were possibilities to analyse occupational development among structural and cyclical tendencies. Additionally, the balance model should also give regional and local information on matching. That information on the demand and supply of labour and balance between them can be used in many conditions, for example in strategic planning and decision making, planning of training, coordination of the immigration policy and in the match-

ing process at the local PES offices. Additionally, the model can give information for citizens via wide distribution in the internet. As well as the Danish and Swedish models, the main aims are improving the occupational and regional mobility and reducing mismatches in the labour market.

LOCAL NEW RECRUITMENT ON DIFFERENT BRANCHES OF INDUSTRIES IN FUTURE YEARS – SOME RESULTS AND WAYS TO ILLUSTRATE AND ANALYZE THE RESULTS

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The article is connected to a very up to date discussion in Finland about the availability of labour. In the next five or six years most of the after-war baby boomers are retiring. It is interesting to know what are the consequences to the demand of labour. One interesting future question is how many of those retiring are replaced by a newcomer and in how many cases the employer is relying on productivity growth, new ways to organise work, change of tasks e.g. and hires no one or at least less than those retired. The article presents some regional calculations on the need of new employees made on branch of industry basis. The new recruitment is supposed to rely on two main variables: the yearly number of employees retiring and the estimations on the future amount of labour

on the branch. The article is not trying to predict which branches may be in difficulties getting new labour in the future, this would need information on the supply of labour. This is not examined, the article concentrates on the demand side.

To get a better idea of the change I have made some solutions to illustrate the magnitude of change. The main idea is to compare the near past with the near future. I have compared the recent level (last 5 years) of retirement and the number of employees working on the branch with the predictions for the next five years (up to year 2020). This way you get a better picture about the change: in which branches the future recruitment seems to rise, in which even decline and in which branches the net employment is growing or diminishing and how much compared to what has happened in near past. I have also calculated a so called “senior – apprentice” –relation: the number of the 50 years or older employees compared to employees under 30 years. E.g. in rail traffic – which is a traditional and important branch in southeast Finland – this relation is very high: 18,5 and in banking services over 6.

The calculations of the future recruitment in Southeast Finland gives some interesting results. E.g. in health care the future recruitment seems to be lower than in recent years although the amount of labour on the branch is rising and the retirement is also bigger than in past five years. This result is explained by the quite heavy growth of employees in recent years. The growth is still continuing but not so heavily, so the need for new labour is smaller although still rising.

The results of this study can be used in regional employment and education planning e.g.