

Longer careers?

The Veto Programme Indicators





veto

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| Summary <p>The objectives of the 'Veto' Programme, i.e. the national programme for increasing the attraction of working life, are integrally linked with the Government's target for an employment rate of 75 per cent. Some of the objectives of the programme do not only stress the importance of attaining a high employment rate but also the hours of work actually worked and reduction of absence from work caused by illness. The target scheme also encompasses methods outlined by the Ministry of Social Affairs and Health for promoting the achievement of the above objectives. It is easier to describe the objectives than the methods, and therefore, in the future, it is necessary to focus considerably more on the description of the methods.</p> <p>Some of the indicators of the 'Veto' Programme are divided into subgroups according to people's age, gender and/or social status. The indicators have been, as a rule, constructed so that the base year of the programme is 2002. The success of the programme is evaluated in terms of two alternatives. Alternative 1 represents a path in accordance with the Government's employment target and alternative 2 a path in which the employment rates remain at the level of those in 2002.</p> | | | |
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1 Introduction

The Veto Programme is a national action programme that invests in labour force as well as in tangible and intangible factors of production. The success of the programme is evaluated in terms of how well the main objectives set for the programme are met using the methods of the programme.

The Veto Programme 2003–2007 includes the following five objectives – some of them very concrete – and four methods:

1. Working life will be extended, and it will last for 2–3 years longer than currently (years 2002/2010 as a comparison)
2. Absence from work due to illness will take a downward turn and decrease by 15 per cent from the current level (years 2002/2007 as a comparison)
3. The frequency of accidents at work and the development of occupational diseases will decrease by 40 per cent from the current level, and they will become less serious (years 2002/2010 as a comparison)
4. The tobacco and alcohol consumption of people of working age will decrease considerably (from 2002 onwards)
5. Entry into working life will on average take place at an earlier stage (the shift is apparent from 2004 onwards)
6. A comprehensive family policy programme will be established and implemented
7. The quality and availability of occupational health services will improve and cooperation with rehabilitation services will become more efficient (throughout the programme period)
8. The incentive of the minimum income guarantee and pension schemes will increase and remaining at and returning to work will increase (throughout the programme period)
9. The general atmosphere and attitudes will change in a way that allows the objectives of the programme to be approved and achieved (2004-)

The objectives of the Veto Programme are integrally linked with the Government's goal for an employment rate of 75 per cent. Some of the objectives not only stress the importance of attaining a high employment rate but also the hours of work actually worked and the sick pay paid by the employer to employees. The goal scheme also encompasses methods outlined by the Ministry of Social Affairs and Health for promoting the achievement of the above objectives. It is easier to describe the objectives than the methods and therefore, in the future, it will be necessary to focus considerably more on the description of the methods.

Some of the indicators of the Veto Programme are divided into subgroups according to people's age, gender and/or social status. The indicators have been, as a rule, constructed so that the base year of the programme is 2002. The success of the programme is evaluated in terms of two alternatives. Alternative 1 represents a path in accordance with the Government's employment target and alternative 2 a path in which employment rates remain at the level of those in 2002.

The main Veto programme indicators are divided into groups according to the objectives of the programme.

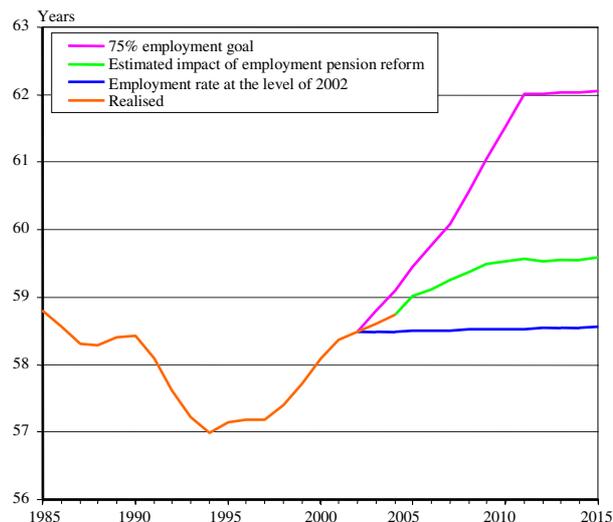
2 Veto programme indicators

The aim of the Veto Programme is to increase the participation rate of the labour force in different age groups and to extend working life by 2–3 years from the current level. The goal is to achieve this by improving both well-being at work and the economic incentives to encourage work.

1. Working life will be extended, and it will last for 2–3 years longer than currently

Working life should be extended by 3 years and unemployment should be reduced to clearly less than 5 per cent in order to reach the Government's employment rate target. In addition, the number of pensioners under 65 years of age should decrease cumulatively by nearly 200,000 by 2012.

Veto 1.1. Expected age at leaving work of a 50-year-old in 1984–2005 and the 75 percent employment goal by 2015



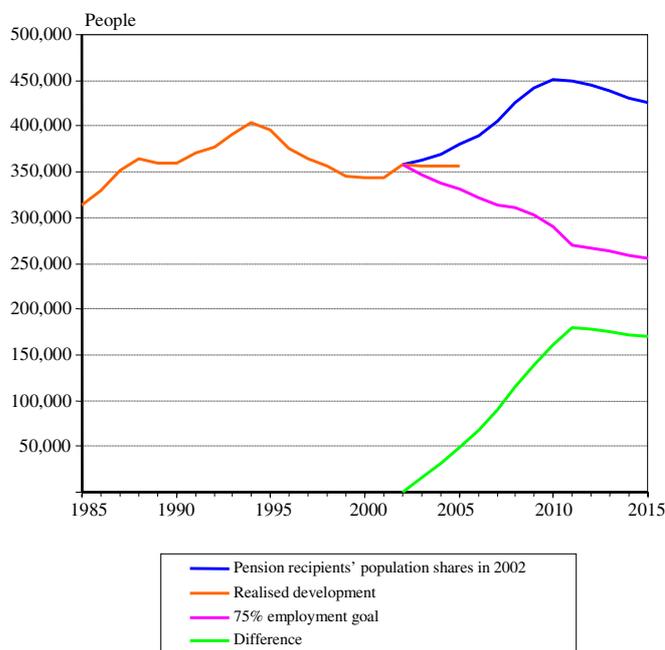
Source: Statistics Finland and the Ministry of Social Affairs and Health

The development seems to be now in accordance with the trend set in the pension reform. Because the change started before 2005, it is partly due to the good employment situation. Various working life development programmes and appraisal discussions may have contributed to the positive trend.

The number of people retiring due to diseases of the musculoskeletal system has grown steadily. Retirement due to mental health difficulties has also increased.

Rehabilitation is an important method not only to delay retirement but also to promote return to work after long illnesses. Rehabilitation is a fast-developing service segment. New forms of rehabilitation are being developed along with the progress of medical science. Special attention has been paid to starting rehabilitation early enough. The number of rehabilitation patients also reflects the increase of mental problems. So far, the number of diabetes rehabilitation patients is relatively small when compared to other illnesses, but the estimates and forecasts suggesting a growing number of people with diabetes require that rehabilitation be increased.

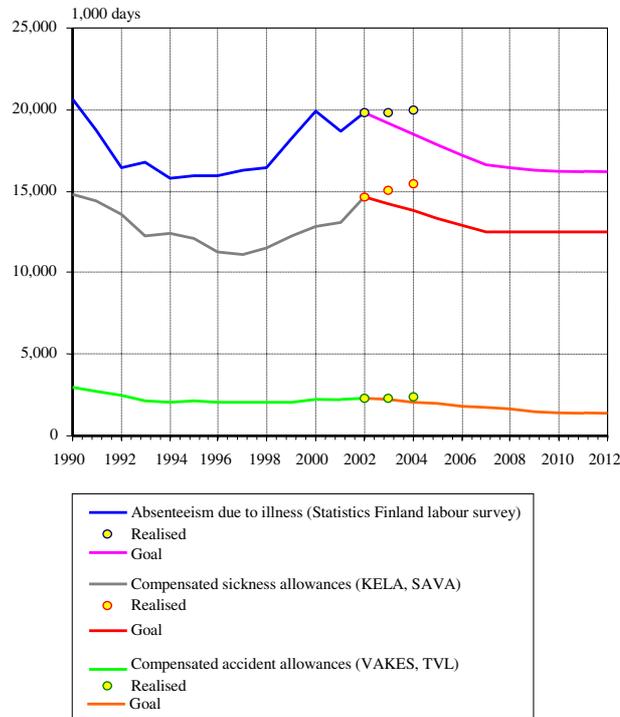
Veto 1.2. The number of pension recipients under 65 reconciled with the 75-percent employment goal and the 2002 proportion of pension recipients



Source: Statistics Finland and the Ministry of Social Affairs and Health

2. Absence from work due to illness will take a downward turn and decrease by 15 per cent from the current level

Veto 2.1. Days off work due to sickness and accidents in 1990–2004 and the goal for 2003–2012, 1,000 days



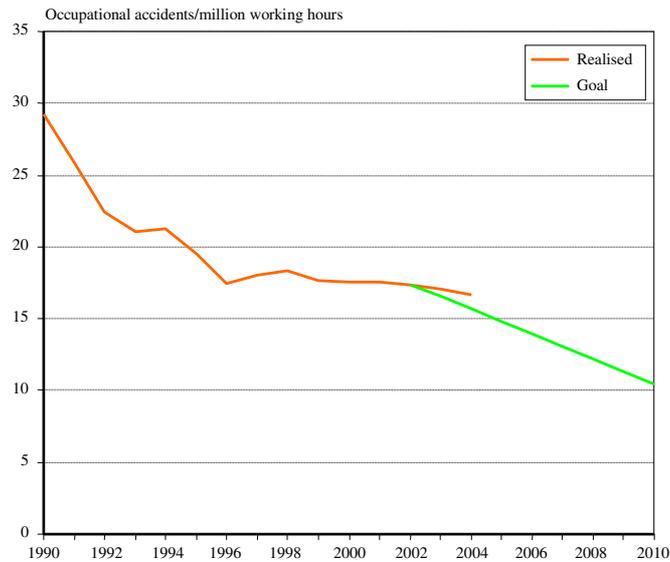
Source: Ministry of Social Affairs and Health

Various work-related factors of uncertainty usually cause insecurity, thus reducing well-being at work and increasing the risk of health problems. The majority of absences due to illness are short. Long sick leaves are usually related to an accident or a serious illness.

The number of days of absence due to illness seems to have settled to 20 million days, and thus the goal for a declining trend becomes an even more remote prospect. The amount of sickness benefits paid has continued to increase in recent years.

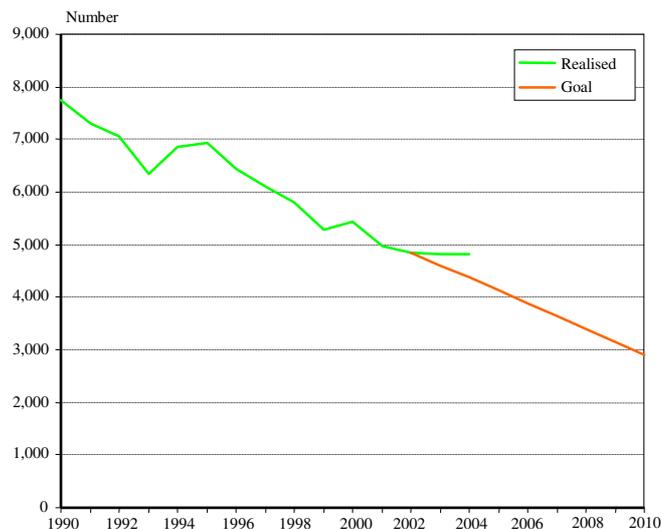
3. The frequency of accidents at work and the development of occupational diseases will decrease by 40 per cent from the current level, and they will become less serious

Veto 3.1. Wage earners' occupational accidents per 1,000 wage earners in 1990–2003 and the goal for 2003–2010



Source: Statistics Finland and the Ministry of Social Affairs and Health

Veto 3.2. Employees' occupational diseases and suspected cases of occupational diseases 1993–2002 and the goal for 2003–2010



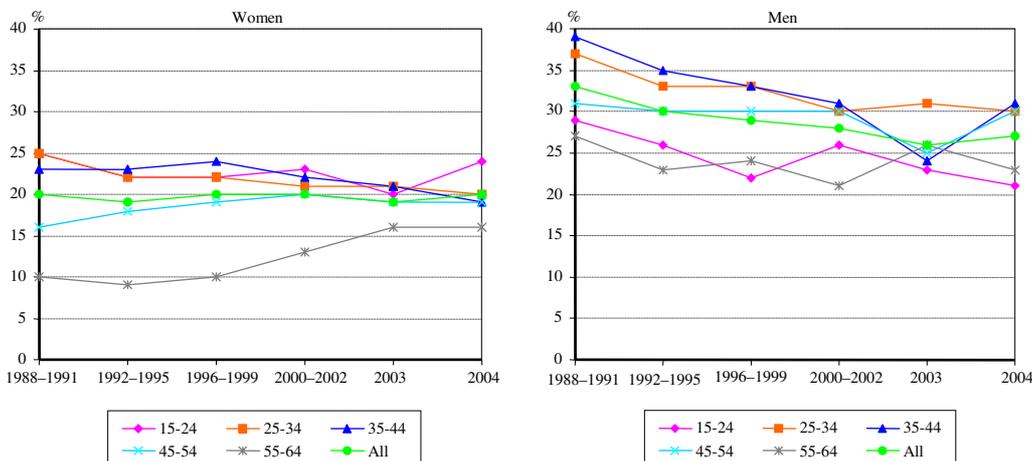
Source: The Federation of Accident Insurance Institutions and the Ministry of Social Affairs and Health

The number of employees' occupational diseases and occupational and commuting accidents has remained constant in recent years. As the recession gave way to an economic upswing, the number of accidents increased but in very recent years, they have started to slowly diminish. When taking into account the fact that the economy has grown all the time, the number of accidents has declined compared to the amount of production. This indicates that investing in work safety has been worthwhile. However, work safety especially in the construction industry still needs to be improved.

The frequency of employees' job-related injuries, occupational diseases and occupational and commuting accidents continues to decrease, but this happens more slowly than would be ideal considering the target trend.

4. The tobacco and alcohol consumption of people of working age will decrease considerably

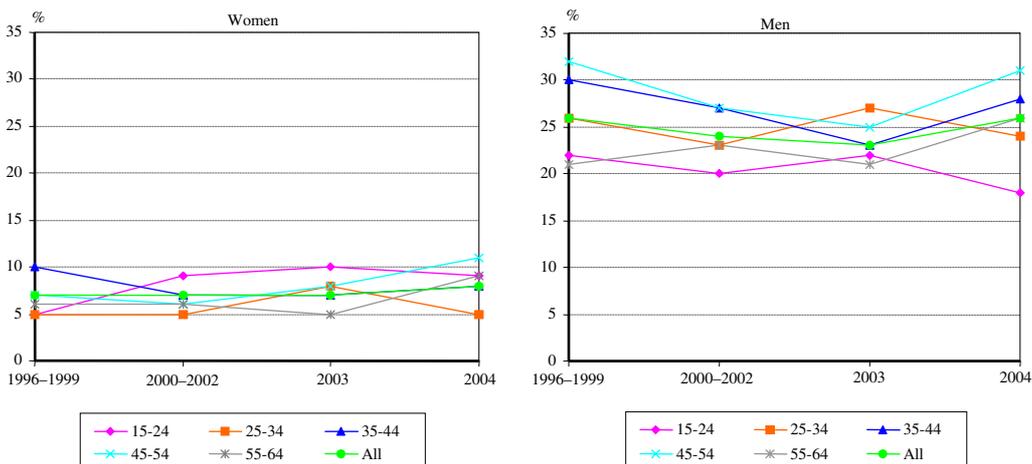
Veto 4.1. The percentage of adults who smoke daily 1988–2004



Source: National Public Health Institute

Smoking and binge drinking are more common among men than among women. In general, men have reduced their smoking. According to the latest data, smoking has increased among young women and 35–44-year-old men.

Veto 4.2. The proportion of those who drink six or more servings of alcohol at a time at least once a week 1996–2004

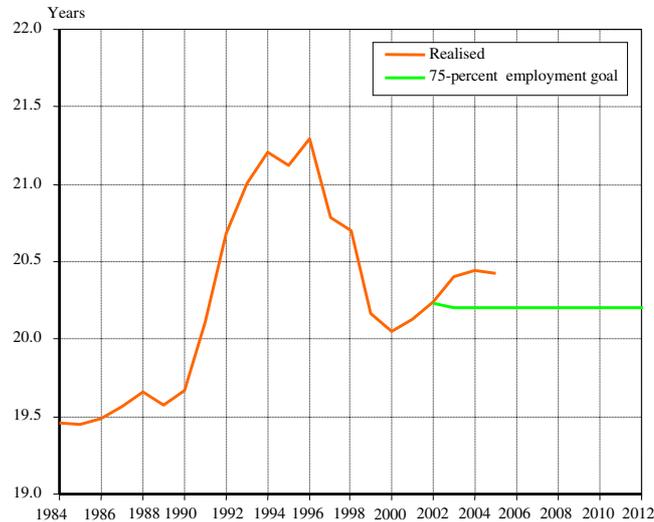


Source: National Public Health Institute

Binge drinking is still common among men – a quarter of all men binge drink regularly. However, binge drinking has declined among young women and young men.

5. Entry into working life will take place at an earlier stage

Veto 5.1. Age at completion of studies and conscription in 1984–2005 and age at completion according to the 75-percent employment goal in 2002–2012



Source: Statistics Finland and the Ministry of Social Affairs and Health

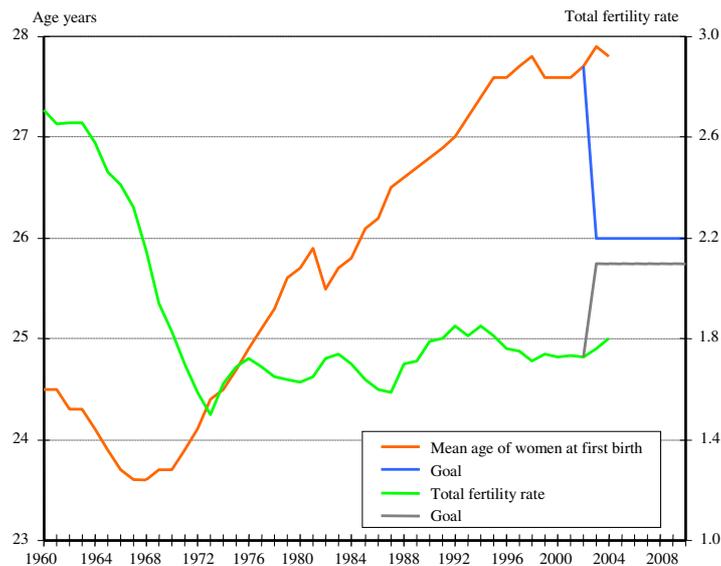
Young people have started to enter working life at a later stage since 2000. Economic growth has slackened since the period of rapid growth in the latter half of the 1990s. People still enter working life a year earlier than during the recession in 1993–1996. Earlier entry into working life will be facilitated by the fact that by 2008, people will enter higher education a year earlier than they currently do.

6. A comprehensive family policy programme will be established and implemented

The main objectives of family policy are to create a safe and positive environment of growth for children, to equalise the costs of children and to secure stable demographic development.

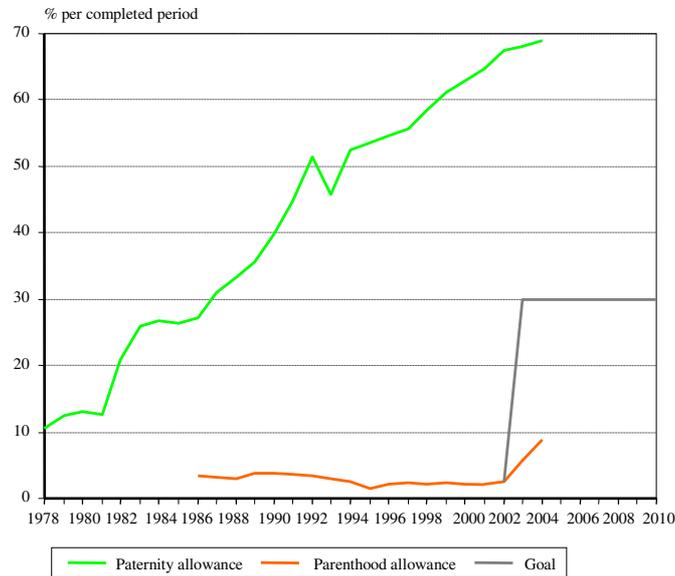
The total fertility rate has remained relatively consistent in recent years due to the large number of second and third children. However, the birth of the first child has been postponed due to longer study times and the increase of temporary work. The average age of women at first birth has increased continuously; in 2004, it was 27.8 years. Some 15 per cent of 50–54-year-old women are childless. Childlessness is most common among highly educated women. According to estimates, the proportion of childless women may increase to 20 per cent in the future.

Veto 6.1. Mean age of women at first birth and total fertility rate in 1960–2004 and the goal for 2003–2010



Source: Statistics Finland and the Ministry of Social Affairs and Health

Veto 6.2. Fathers receiving paternity and parenthood allowance in 1978–2004 and the goal for 2003–2010



Source: The Social Insurance Institution of Finland and the Ministry of Social Affairs and Health

The number of men receiving paternity allowance has increased continuously, whereas the number of men receiving parenthood allowance has remained at a very low level.

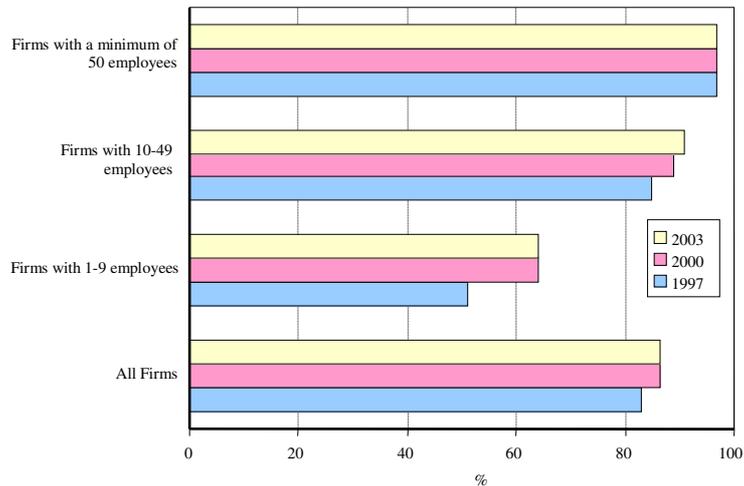
The age of a child does not affect the employment rate of fathers, but it does affect the employment of women. The difference between the employment rate of mothers and fathers of small children is almost 20 percentage points. Women are in a poorer position than men are in working life, and this may be reflected in their wages and salaries, career development and possibility to get a permanent job.

Fixed-term employment contracts are much more common among women than among men in all age groups, except for 15–19-year-olds.

As the age of the youngest child increases, the number of working hours among women also increases, but a corresponding increase does not seem to take place among men.

7. The quality and availability of occupational health services will improve and cooperation with rehabilitation services will become more efficient

Veto 7.1. *The proportion of firms with occupational health care in 2003 according to firm size*

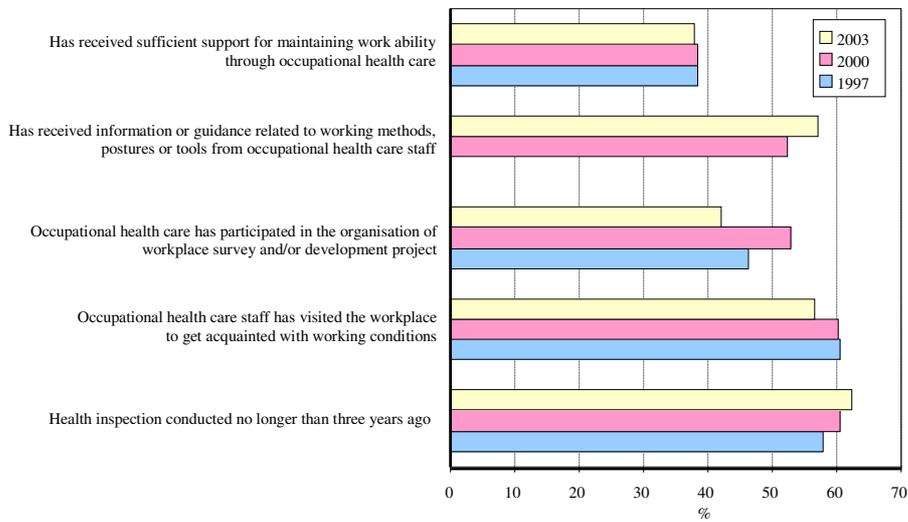


Source: Finnish Institute of Occupational Health, Work and health interview studies

In larger firms, the availability of occupational health services is almost 100 per cent, whereas smaller companies do not yet provide all employees with occupational health services.

In 2002, there were some 226,500 firms in Finland. Ninety-three per cent of them were micro enterprises with fewer than 10 employees. Nearly a quarter of the labour force works in micro enterprises and more than 60 per cent works in small and medium-sized firms.

Veto 7.2. Indicators of occupational health care in 1997–2003, % of employees

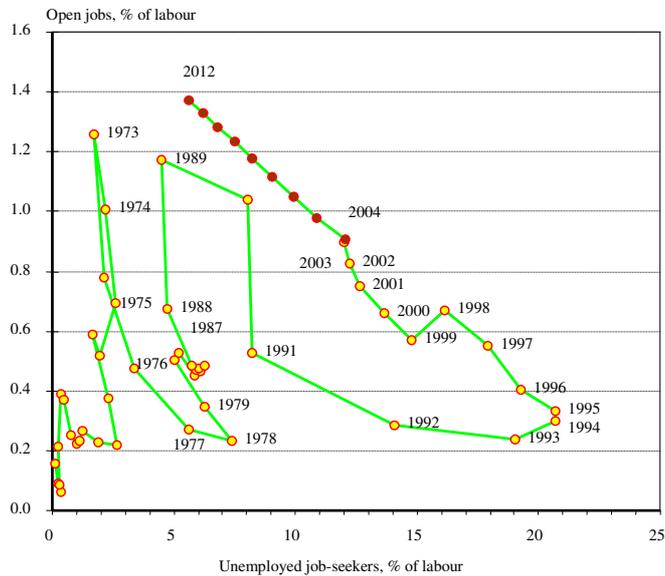


Source: Finnish Institute of Occupational Health, Work and health interview studies

Compared to previous years, especially the number of physical examinations as well as the guidance provided by occupational health personnel related to working practices, ergonomics and tools has increased.

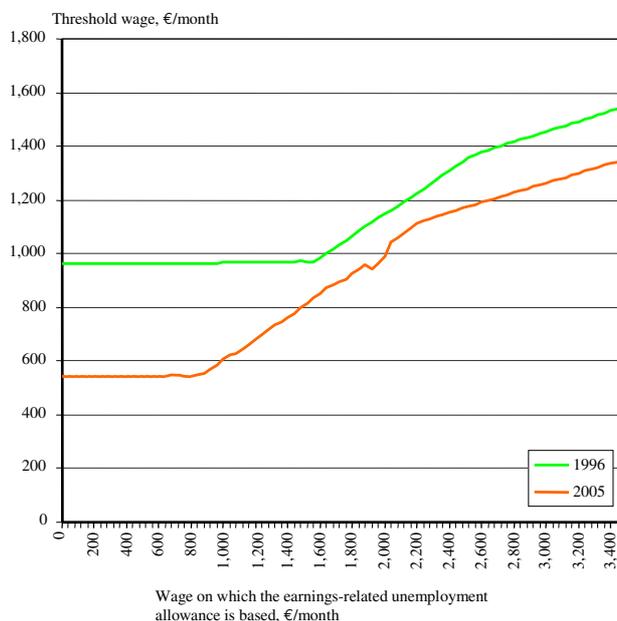
8. The incentive of the income security and pension schemes will increase and remaining at and returning to work will increase

Veto 8.1. Beveridge Curve in Finland in 1956–2004 and projection when the 75 percent full employment target is met in 2012



The structural problems of the Finnish labour market can be illustrated by comparing the job vacancy and unemployment rates. A specific job vacancy rate occurs with a higher unemployment rate. The structural problems culminated during the economic slump in 1992–1994. After that, structural unemployment declined quickly until 2001, after which it has eased only slightly. The reason why there is still mismatch between available jobs and job seekers despite the rapid economic growth is that growing and declining industries are extremely diverse in terms of their occupational structure and competence requirements and regional mobility has been slow. New sectors have employed people from new age groups or those already employed but they have only taken on a small number of unemployed people.

Veto 8.2. Threshold wages using 1996 and 2005 tax-benefit rules, euros per month at 2005 earnings level

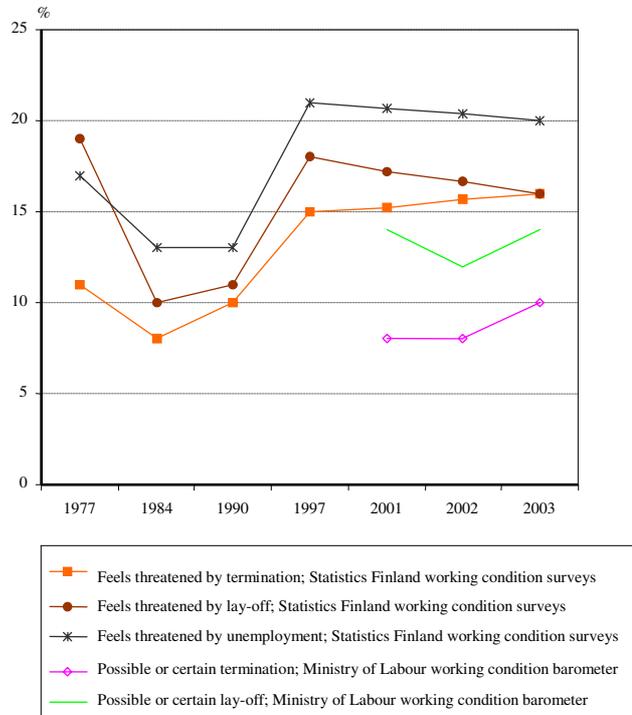


Source: Ministry of Social Affairs and Health

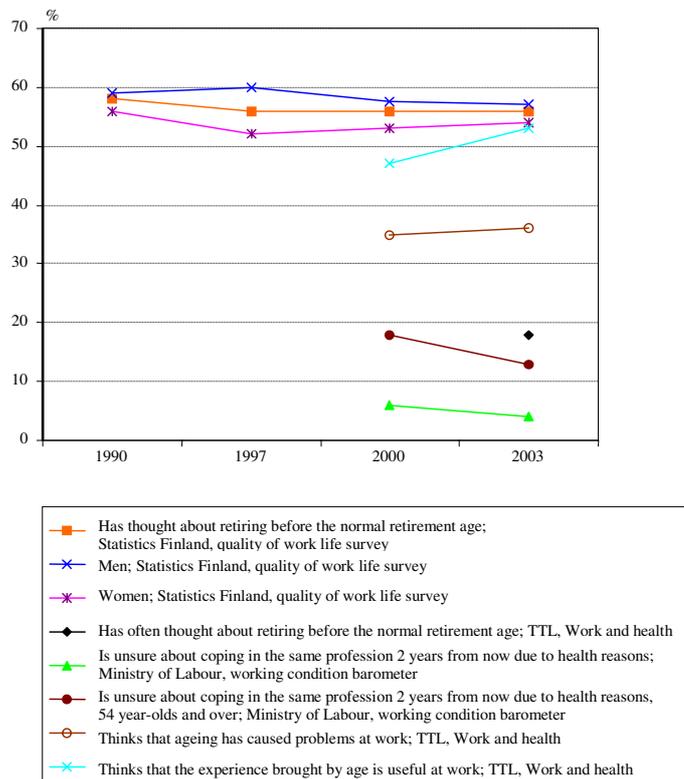
Diagram Veto 8.2 shows the threshold wage of a person who receives an earnings-related allowance and lives alone in a rented flat at different income levels before unemployment based on the taxes and benefits in 1996 and 2004. In addition to the changes in the benefit and tax basis, the calculation of the threshold wage is based on changes in income and rent levels between 1996 and 2004. The diagram shows that the threshold wage of a person who receives unemployment benefit has declined and the incentive to work has increased at all income levels. There is an inevitable conflict between the level of minimum income guarantee and the incentive to work. Reducing the level of minimum income guarantee is not, however, the only way to alleviate this conflict. According to studies, income traps seem to be most common among unemployed people; they are rare in wage-earner households.

9. The general atmosphere and attitudes will change in a way that allows the content goals of the programme to be approved and achieved

Veto 9.1. Work-related insecurity factors in 1977–2003



Veto 9.2. Has thought about retiring before the normal retirement age 1990–2003



The detriments caused by pressure have increased, but the latest study indicates a slight improvement in experiencing pressure. Working overtime without compensation increased in the 1990s, but it has slightly declined in the 21st century. A fairly large number of people have thought about retiring before the normal retirement age. At the same time, work satisfaction seems to decline consistently with age. People feel that they do not get enough information about changes at their workplace in good time

According to the gender barometer, gender equality was realised in work places well or very well. Women's assessments were more negative than those of men. Women thought more often than men did that their gender had a negative effect on their pay, appreciation of their professional skills, prospects for their career development and the division of workload.

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