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Youth Employment in Finland, Norway and Sweden

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YOUTH EMPLOYMENT IN FINLAND, NORWAY AND SWEDEN

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ABSTRACT

One deviation in the uniformity of the Nordic welfare states is that in Finland the earnings-based pension is calculated on the basis of employment from the age of 23 years and not from 16 years like in the other Nordic countries. The aim of this study was to examine whether there are such differences in youth employment in Finland compared with Norway and Sweden that justify this age limit. The time series covered the period 1989-1997, in addition the years 1990 and 1997 were compared with each other. At the end of 1980s there were no significant differences in youth employment among people under 25 in these countries. At the beginning of the 1990s Finland and Sweden met with a serious recession. In consequence of that youth unemployment rates were still exceptionally high in Finland in 1997. Apart from this, the development of youth employment in Finland in the 1990s has many common traits with the other Nordic countries: the improvement of educational attainments of the young labour force, the increase of the proportion of young people in education and the growth of part-time work also among young men.

Key words: youth employment, youth unemployment, Nordic countries, part-time work, education

1 Introduction

Working life has faced many changes in recent years. Because of longer education and early retirement, working time has shortened. Atypical employment contracts have become more common. These temporary or part-time employment contracts also shorten the working time and weaken the pension security. In the recession of the early 1990s, unemployment spread in most European countries. Besides Spain, Finland had the highest unemployment rates also in the young generation. In Finland youth unemployment was twice as high as that of adults (Employment in Europe 1996, 7).

In Finland the Central Pension Security Institute has started an extensive study concerning the consequences of changes in the traditional working society for the pension security system (Tuominen et al 1998). This report is part of that larger project and joins the theme how the young generation moves from education to work.

The Nordic welfare states are spoken of as constituting a distinct unit of nations that share a variety of common features from the point of view of social policy. A list of 'Nordicness' presented includes the large scope of public social policy, the emphasis on full employment, the high degree of universalism, the role of service states, an even income distribution and gender equality. In addition, income security for those with a working history is based on two elements: a flat rate basic security and an earnings-related part (Kautto et al 1999, 12-14).

In all Nordic countries the pension schemes consist of a national pension and a earnings-related pension. However, in Finland the earnings-related pension scheme is different from other Nordic countries in some aspects. In the Employee's Pensions Act it is stipulated that working time, on the basis of which one has the right to an earnings-related retirement pension, covers the time from age 23 until the person becomes 65 years old. A full earnings-related pension is earned in 40 working years (Työeläkelait 1998, 23).

Earnings-related retirement pension rights do not accrue for the years before the age of 23. In practice, this means that any absences from work after that age reduce the amount of the earnings-related pension. People who have been unemployed and had atypical careers, or absences from work for other reasons, will not receive a full earnings-related pension. In recent years, opinions have spread in public discussion that the earnings-related pension should be calculated on the basis of the whole working career.

In the earnings-related pension scheme in Norway, the insurance time includes employment from the age of 16 at the most to the end of the year when the employee has reached the age of 69, provided that he or she is still working. A full earnings-related pension is earned in 40 years (Laitinen-Kuikka et al 1999, 333).

In the earnings-related pension scheme of Sweden, the insurance time covers the time from the beginning of the year when the insured reaches the age of 16 years. In the old pension scheme, the age limit for the old-age pension was 64 years and a full earnings-related pension was earned in 30 years. In the new system there is no upper age limit and no full pension, but the pension is calculated solely according to the working time (Laitinen-Kuikka et al 1999, 420).

The Danish earnings-related pension scheme includes all employees who are 16 years old or older and whose working time is over nine hours per week or 39 hours per month. In Denmark the earnings-related pension is calculated according to payments, not according to working time (Laitinen-Kuikka et al 1999, 506).

In Iceland the insurance time begins at the age of 16 years, but otherwise the earnings-related pension scheme is somewhat different from Denmark, Norway or Sweden (Laitinen-Kuikka et al 1999, 131).

The aim of this study is to compare the labour force, employment and unemployment of young people under 25 in Finland, Norway and Sweden in recent years. The question is whether there exist that kind of differences between the countries that would explain the variation in the pension systems and the age limit of 23 years in Finland.

The time series covers the period 1989-1997. The standardised or harmonised data concerning Finland, Norway and Sweden in 1990 in the Luxembourg Employment Study (LES) are used as starting point. LES does not comprise the other Nordic countries, Denmark and Iceland, therefore they are not included in this study. The data from 1990 will be compared with national labour force surveys for 1997.

The Luxembourg Income Study (LIS) began in 1983. The LIS data bank contains standardised social and economic data collected in household surveys from different countries. The Luxembourg Employment Study was founded after LIS in 1994. Its aim is to make a set of labour force surveys from the early 1990s available to researchers in order to study labour market related issues such as unemployment, retirement, investment in education etc. The purpose is not to cover all possible countries, but countries where labour markets differ from each other.

Youth unemployment is viewed as one of the most serious problems. The time series about labour force and unemployment development are presented in chapter 2. Educational differences in the young labour force are studied in chapter 3. Chapter 4 deals with part-time work. In chapter 5 the activities of those young people will be examined, who are outside the labour force.

2 Development of youth employment

2.1 Young labour force in 1989-1997

It is difficult to make comparisons between countries during the recession, because the circumstances differ from normal. Furthermore, economic depressions can meet countries at different moments. In the late 1980s Norway was to some extent encountered with the global recession, which appeared there as increasing youth unemployment. This recession spared Finland and Sweden, but in 1991 they were to face another one. Finland was especially influenced by Russian events and changes in bilateral trade.

Olsson (1999, 361) states that Sweden had the same 'structural problems' as the other European countries. The reason for the recession of the early 1990s can probably be attributed to a combination of factors: the rapid introduction of new technology, a lack of money to finance the public sector and an inadequate economic policy.

Comparisons between different countries can be difficult for another reason too, namely for the lack of internationally comparable data. The International Labour Office (ILO) has given recommendations, which internationally comparable data on the labour market should be based on. The labour force concept used in this study is identical with the ILO definition. National labour force surveys base their concept on this definition, accordingly the LES data includes this labour force concept.

According to the ILO concept, those in the labour force are referred to as 'active' - either employed or unemployed. Activity rates are the people in the labour force aged 16 to 24 as a percentage of all those aged 16 to 24. Labour force surveys include people without employment as unemployed as long as they are actively seeking a job and available to start work within two weeks. Those not in the labour force are usually termed 'inactive' - neither employed nor unemployed. In addition to the retired and the disabled, 'inactive' include young people still in education and those engaged in work without income, either domestic work or for charity (Nordic Statistical Yearbook 1998, 129).

Before the recession, almost half of the young people under 20 participated in the labour force in Finland, Norway and Sweden (Figure 1). During 1991-1994 the participation in Finland fell steadily below 30 %, where it has stayed. In Sweden the labour force participation dropped to the same level as in Finland. In Norway the decline was fairly moderate compared with Finland and Sweden.

In the late 1980s the labour force participation of people aged 20 to 24 exceeded 80 % in Sweden. In Finland and Norway it was about ten percentage points lower than that (Figure 2). From 1991 onwards, the activity rates decreased in this age group to under 70 % and in Finland to under 60 %. As with the younger age group, the depression hit Finland most of all, besides Sweden. In Norway the fall was of a minor extent and the recession was scarcely to notice in the activity rates of people under 25.

In 1997 the labour force participation of persons under 25 in Norway had reached the previous level before the recession. In contrast, only a quarter of people under 20 participated in the labour force in Finland and Sweden. The activity rates of people aged 20-24 had remained around 60 % in Finland and Sweden. In regard to Finland, there is a small sign of recovery, though.

As to differences between the sexes in the teen age groups, there were just tiny ones in these Nordic countries concerning young people under 20. The larger part of this age group was in education or training. Until the early 1990s, labour force participation of men and women aged 20 to 24 was fairly similar in Finland and Sweden, men having proportions a couple of percentage points higher than women. Since the recession, the activity rates of Finnish men have grown almost 10 % higher compared with women. In Sweden the development has been similar to Finland, but with narrower gaps. In Norway the differences with regard to men were also as small as in Sweden.

The labour force includes both employed and unemployed people. If the unemployed are seeking work, they usually remain in the labour force. This being the case, the depression does not necessarily reduce labour force participation significantly, the changes show more clearly in the employment rates.

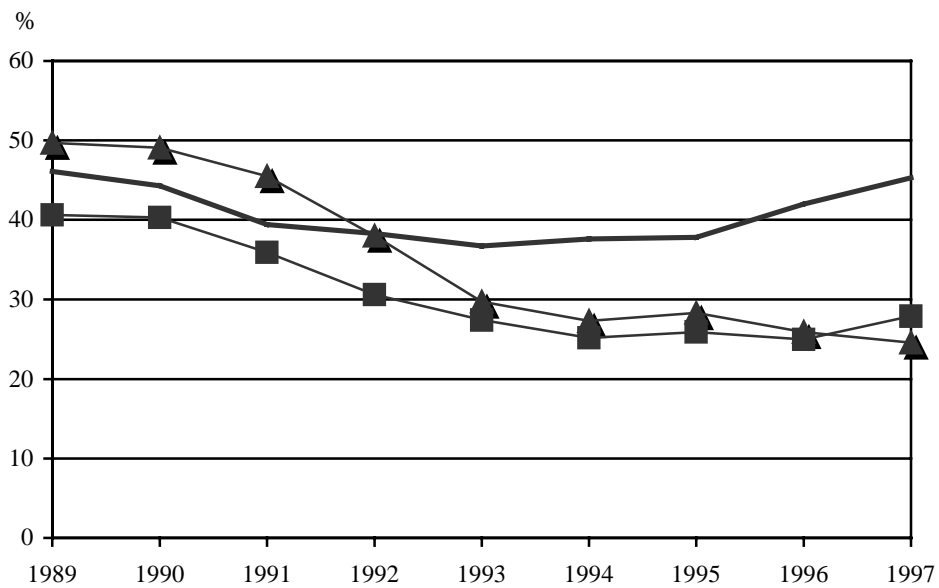


Figure 1. Activity rates of the population, 16-19*, in 1989-1997

*In Finland employed persons aged 15 are included in the labour force.

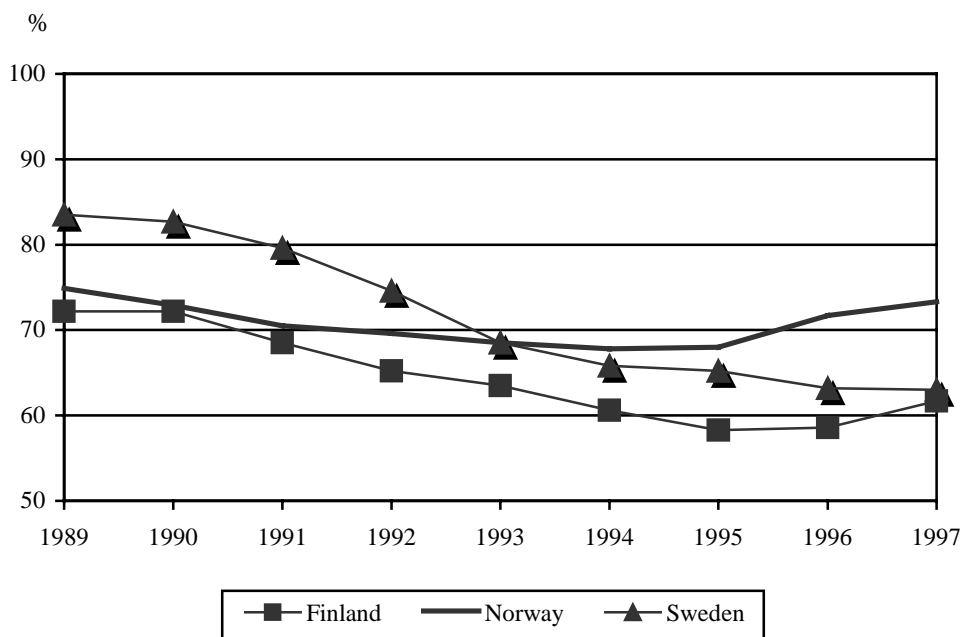


Figure 2. Activity rates of the population, 20-24, in 1989-1997

Sources for Figures 1 and 2: Yearbook of Nordic Statistics 1992, Table 43; Nordic Statistical Yearbook 1998, WORK02; Labour Force Statistics 1997, Table A4, Statistics Finland

%

The employment rates are examined here in denser age groups than in the figures above. Figure 3 is based on the LES data (Luxembourg Employment Study) for 1990. Conscripts are excluded, because in Norway they are included in the employed population, but in Finland and Sweden in the inactive population.

The employment rate of persons aged 16 to 18 amounted at the most to one third of the population in these countries before the recession. In Sweden the employment rates of young people aged 19 to 20 and 21 to 22 exceeded 70 % and 80 %, respectively. Finland and Norway had almost equal rates, about 20 % lower than those for Sweden. The difference remained fairly large in the age group 23 to 24, as well, when comparing Finland and Norway to Sweden.

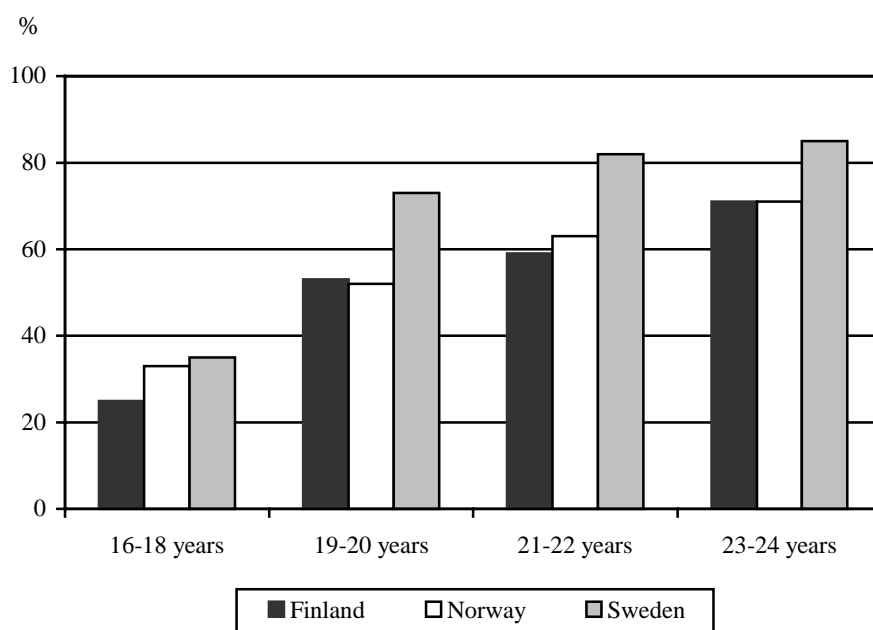


Figure 3. Employment rates of the population, 16-18, 19-20, 21-22 and 23-24, in 1990

Source: Luxembourg Employment Study

Over the years 1990-1996 the employment rate of people under 25 was reduced from 50 % to 26 % in Finland. The decline in the employment rates in Finland becomes more visible when viewing men and women side by side in 1990 and 1996 (Figure 4). Conscripts are excluded in order to ease the com-

parison. Only every tenth person aged 16 to 18 was employed in 1996 against every fourth in 1990. In the next age groups, 19 to 20 and 21 to 22, the rates extend at the most to one third of the population. Only in the age group of 23 to 24 the employment rate comes close to half of the population.

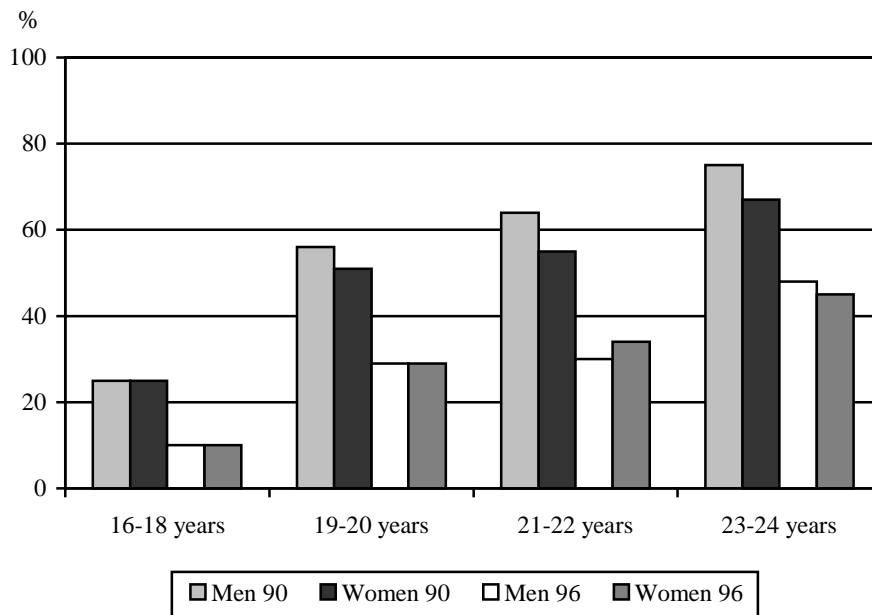


Figure 4. Employment rates of Finnish men and women, 16-18, 19-20, 21-22 and 23-24, in 1990 and 1996

Sources: Luxembourg Employment Study; Labour Force Study 1996 Jan., Statistics Finland

It seems that the differences between the sexes in the age groups of 19 to 20 and 21 to 22 have been more in favour of women in 1996. The Finnish men of this age are usually in military service. Although conscripts are excluded from the figures, it is probably unemployment caused by conscription that operates behind the lower shares of men.

2.2 Youth unemployment in 1989-1997

Labour force surveys include people without employment as unemployed as long as they are actively seeking a job and available to start work within two weeks. Unemployment rates based on labour force surveys, although compa-

rable, are not necessarily identical to the official rate. Norway, for example, bases the official rate on registered unemployment (Nordic Statistical Yearbook 1998, 131).

The unemployment rate is defined as the proportion of unemployed persons of the labour force. It can be calculated of the population as well, but in figures 5-6 it is calculated from the labour force.

Before the recession, labour force participation of young people in the three Nordic countries was more frequent and unemployment more rare than in most other countries in Europe. In the early 1990s the unemployment rate of young employed persons in Europe rose rapidly to double that of adults. The figures, compared with averages of the European Union (or OECD Europe, they are similar) in 1994, indicate that the recession struck Finland more powerfully than most countries in Europe. In 1994, when the recession was at its deepest, the average rate of unemployment for people under 25 rose slightly over 20 % in the European Union (OECD Employment Outlook 1998, 194-196; Employment in Europe 1996, 21).

Before the recession, about 15 % of the Finnish labour force under 20 were unemployed (Figure 5). Youth unemployment in Norway was at the same level, where it also stayed. Unlike Norway, in Finland the unemployment rate for young people under 20 grew to over 40 % during 1993-1994. In Sweden youth unemployment had previously been rather unknown. It began to increase in 1991, but has been declining in recent years. In Finland unemployment has slowly diminished, but in 1997 relative unemployment was still twice as high as in Norway and Sweden.

There were no remarkable differences between the sexes in employment rates regarding people under 20 in the three Nordic countries. During the recession, the unemployment rate for Finnish men under 20 went up a few percentage points higher than that for women. Since the recession, there has been somewhat more unemployed men than women also in Sweden. In Norway unemployment varied very little according to sex for people under 20.

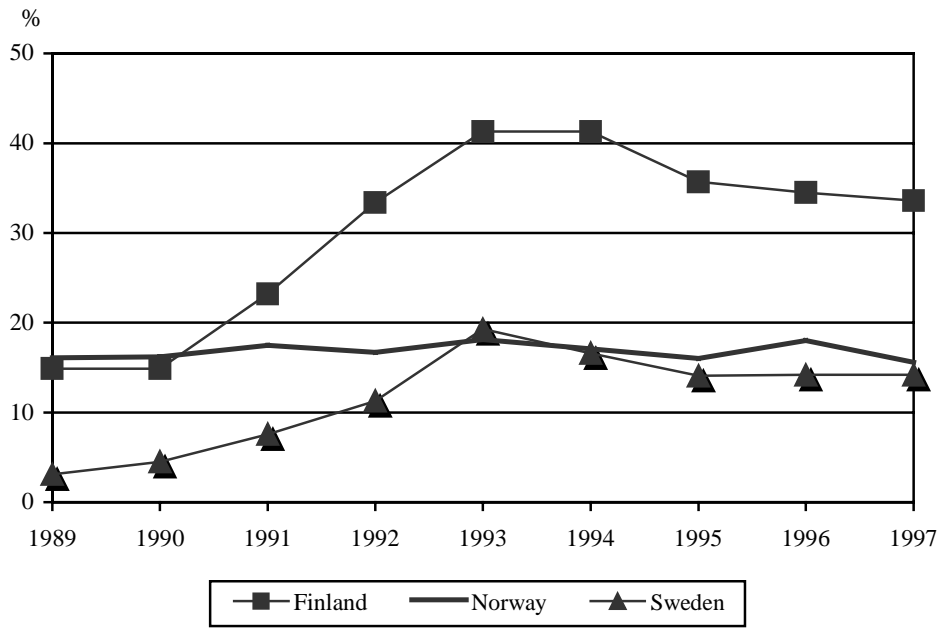


Figure 5. Unemployment rates of people aged 16-19*, in 1989-1997

*In Finland employed persons aged 15 are included in the labour force.

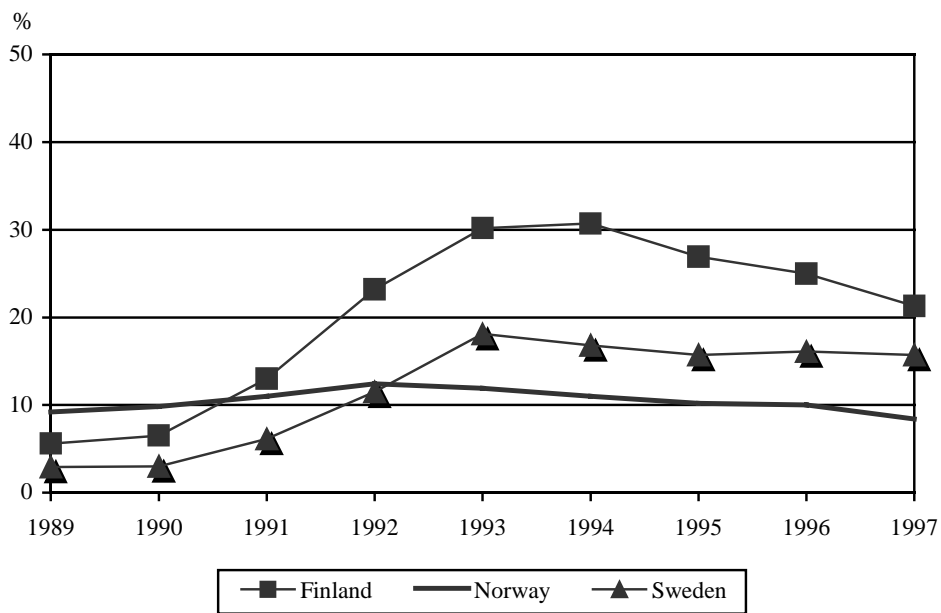


Figure 6. Unemployment rates of people aged 20-24, in 1989-1997

Sources for Figures 5 and 6: Yearbook of Nordic Statistics 1992, Table 43; Nordic Statistical Yearbook 1998, WORK02; Labour Force Statistics 1997, Table A4, Statistics Finland

In Norway unemployment of people aged 20 to 24 did not grow from the level of 10 %, where it was in the early 1990s (Figure 6). In Finland unemployment in this age group began to rise in 1991 and went up to 30 %. In spite of a declining trend, yet in 1997 more young people under 25 were unemployed in Finland than in Norway and Sweden. In Sweden unemployment increased remarkably compared with the past, but it stayed at the level of the European average. Sweden's unemployment rate went up, at the highest, to almost 20 % in 1993.

During the recession, more men than women stayed in the labour force, but they met with unemployment more often than women. Unemployment in the construction industry and decreasing manufacturing occupations kept the rates of men high (Employment in Europe 1996, 92). The unemployment rates for Finnish men aged 20 to 24 exceeded the ones for women with 7-8 percentage points during the years 1992-1994. During the years of the recession, also more Norwegian and Swedish men than women in this age group were unemployed.

Long-term unemployment for Finnish men aged 20 to 24 doubled during the recession. In 1994 every fifth unemployed had been without work over one year. Long-term unemployment for men of this age was almost as common in Sweden as in Finland (OECD Employment Outlook 1996, 115). On the other hand, unemployment spells of one year or more for Finnish men under 20 decreased. The share of long-term unemployment dropped to half of that in the late 1980s, probably due to training and education.

There existed large cross-country differences in unemployment levels. A country's ranking in regard to adult unemployment is said to be a good predictor of its ranking in regard to youth unemployment. If the rates of adults are relatively low or high, the same applies to young people (OECD Employment Outlook 1996, 113). In 1994 the unemployment of people aged 25 to 54 was most common in Finland and Spain. For instance, in Denmark and Germany youth rates stayed around 10 %, while, besides Finland, they amounted to over 30 % in Italy and Spain (OECD Employment Outlook 1998, 194-196). The explanation for Denmark lies in successful market policy in regard to youth unemployment.

Part of the vulnerability of young people to unemployment is thought to stem from the nature of the jobs they do and the firms in which they tend to work. An increasing proportion of the jobs are temporary and a disproportionate number of young people in the European Union work in small firms (Employment in Europe 1996, 90-91). They also have a greater risk of becoming unemployed than those who work for larger companies.

Baker and Elias (1991, 214-244) analysed British and American studies concerning youth unemployment. They remarked that unemployment of young people is not a problem of the present time, but can have far-reaching consequences for the earnings level in the future. Furthermore, Baker and Elias stated the importance of work experience attained at a young age for future earnings.

Over 80 % of the unemployed Finnish men and women under 25 did not have any work experience in 1995, while as many unemployed Swedish men and women had already had previous work (Employment in Europe 1996, 88). In light of the importance of work experience, the prospects of young Finnish unemployed seem less bright than those of Swedish young people.

Lynch investigated (1985, 1989) youth unemployment from the point of view of finding employment. The probability model she used took into account individual properties, the demand for labour force and the term of unemployment, among other things. Both her studies confirmed that the employment of young people is strongly dependent on the term of unemployment. Jehoel-Gijsbers ja Groot (1989) observed the same dependence in a Dutch research study. Hammer (1996) in Norway showed that the risk of becoming unemployed was the greater the more a young person had unemployment terms behind. Hammer (1999) also documented a decrease in the probability of re-employment for unemployed young people in all Nordic countries receiving unemployment benefits, which he interpreted as a disincentive effect.

3 Educational level of the young labour force

The definitions of educational levels used in this study are based on the highest completed level of general or further education. The classification corresponds to the international classification of education (ISCED 1997). *Basic education* consists of the first and second stage of basic education: primary level and lower secondary level (ISCED 1-2). This level of education takes less than 10 years. *Upper secondary education* includes upper secondary and post-secondary non-tertiary education and its duration is from 10 to 12 years (ISCED 3-4). *Tertiary education* will be leading or not leading directly to an advanced research qualification. This level of education takes 13 years or more (ISCED 5-6).

In the age group of 16 to 19, the educational level of the labour force did not differ between Finland, Norway and Sweden in 1990: one third had attained upper secondary level, for tertiary level they were too young. In regard to peo-

ple under 25, more differences become apparent between the countries (Table 1). In Finland and Sweden almost two thirds of the labour force had attained upper secondary level of education, in Norway only half of it. On the other hand, the labour force in Finland included a lower proportion of persons with tertiary education than in Norway or Sweden. However, it is not to be expected that this difference is maintained in the older age groups. Moreover, it refers to a longer education time in Finland compared with the two other countries.

One observation from Finland and Sweden in 1997 is that educational attainment of the labour force has slightly improved (Table 2). In Finland and Norway the share of persons beyond basic education was higher in 1997 than in 1990. In all these three countries, the proportion of persons with tertiary-level education had risen compared with 1990.

In regard to Norway's statistics, there were some indications that refer to alterations in the classification of educational levels between 1990 and 1997. The improvement of educational levels applied to older groups as well, who had not been in education for years.

Tables 1 and 2 do not tell directly whether the level of educational attainments had improved in the whole population under 25 from 1990 to 1997. Moreover, the tables might indicate that the requirements and qualifications for being employed had risen during the recession. Since a larger part than previously was in education in Finland and Sweden (as presented in Figure 10), evidently improvements will occur in educational levels. However, the changes will not be evident rapidly because of long education times.

There has been some increase in educational attainment levels over time in most countries of the European Union. This is reflected in the increasing participation in education and initial vocational training, which has been accompanied by a fairly continuous decline in rates of participation of people under 25 in the labour force (Employment in Europe 1996, 73).

Particularly for older age groups, high educational levels have afforded significant protection against being out of work. There has been a clear inverse relationship between educational attainment and the risk of becoming unemployed, those completing education or training beyond basic schooling being much less likely to be out of work than those leaving school earlier (Employment in Europe 1996, 88).

Table 1. Educational levels of the labour force, 16-24, in 1990

| Educational level | Finland % | Norway % | Sweden % |
|---------------------------|--------------|-------------|-------------|
| Basic education | 37 | 43 | 28 |
| Upper secondary education | 61 | 50 | 63 |
| Tertiary education | 2 | 7 | 9 |
| Total | 100 | 100 | 100 |

Source: Luxembourg Employment Study

Table 2. Educational levels of the labour force, 16-24, in 1997

| Educational level | Finland * % | Norway % | Sweden % |
|---------------------------|----------------|-------------|-------------|
| Basic education | 34 | 37 | 28 |
| Upper secondary education | 62 | 51 | 62 |
| Tertiary education | 4 | 12 | 10 |
| Total | 100 | 100 | 100 |

* In Finland employed persons aged 15 are included in the labour force.

Sources: Labour Force: Educational Level and Occupations 1989-1997, Tables 7-8, Statistics Finland; Arbeidsmarkedsstatistikk 1996-1997, Tabell 23, Statistics Norway; Arbetskraftsundersökningarna 1997, Tabell 4, Statistics Sweden

Some differences become apparent in regard to education, when scrutinising the proportions of those employed and unemployed persons under 25 whose education was beyond basic level in 1990 (Figure 7). In Sweden 75 % of the employed persons had attained at least upper secondary education against over 35 % of the unemployed. In Finland 65 % of the employed persons were beyond basic education, against 40 % of the unemployed. In Norway this relation was 60 % against 45 %. Thus, in all countries over half of the employed persons had at least upper secondary education, while of the unemployed less than half had.

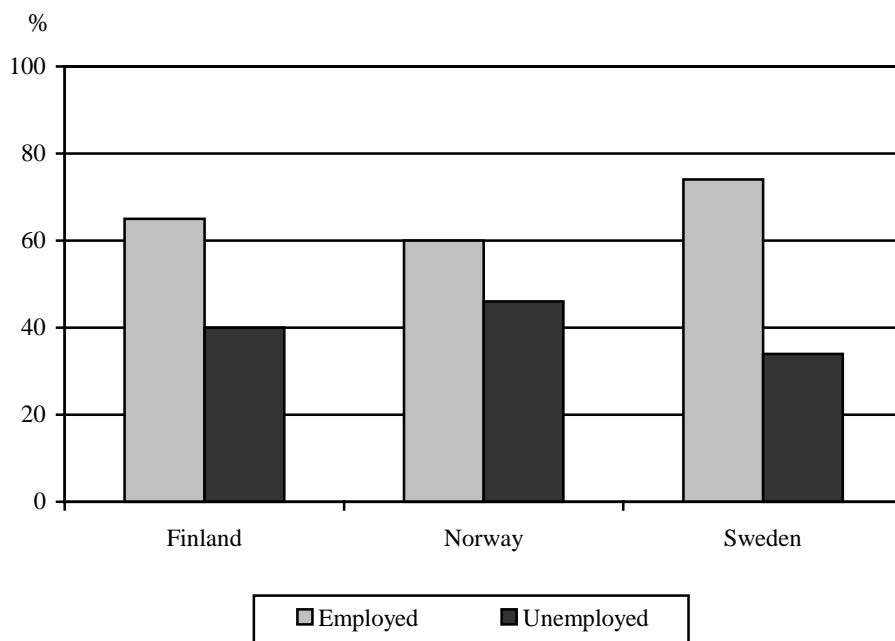


Figure 7. Proportions of employed and unemployed young people aged 16-24, whose educational attainment was beyond basic education in 1990

Source: Luxembourg Employment Study

Figure 8 presents the proportions of Finnish employed and unemployed persons aged 15 to 24 in 1990 and 1997 who had attained more than basic education. The proportions are compared with the age group of 25 to 34, because the link between educational level and unemployment is argued to be more distinct in older age groups than under 25 (Employment in Europe 1996, 88). Data for Norway and Sweden are not available.

In both age groups educational levels of both employed and unemployed persons had risen in Finland between 1990 and 1996. In 1990 the proportion of unemployed persons under 25 with at least upper secondary education was pretty much below the average (63 %). In 1997 the difference from the employed persons was still visible, but the gap had narrowed. Both of these occurrences, the general improvement in the education of the labour force and the mitigated variation between employed and unemployed persons becomes apparent in the age group 25-34, as well.

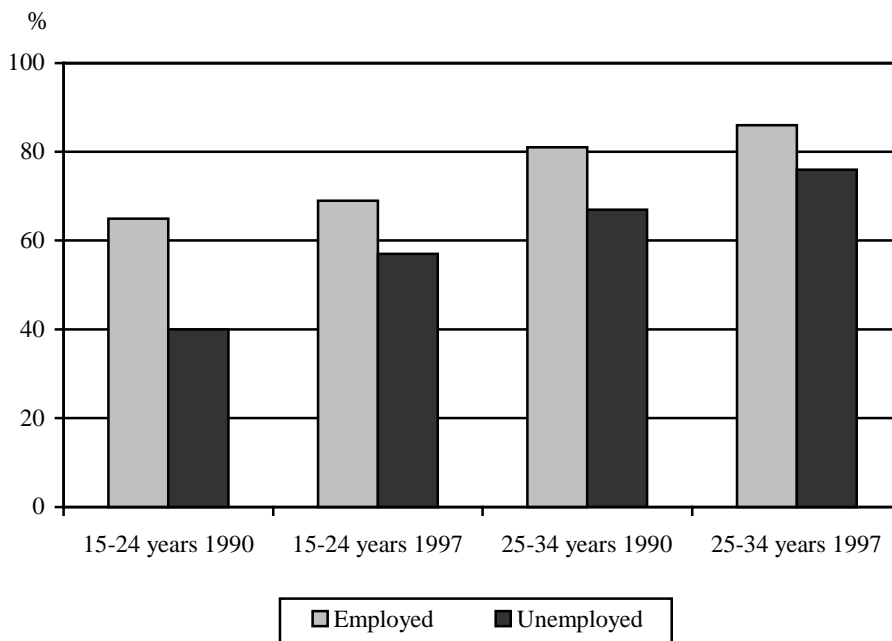


Figure 8. Proportions of employed and unemployed Finnish persons, 15-24 and 25-34, whose educational attainment was beyond basic education in 1990 and 1997

Source: Labour Force; Educational Level and Occupations 1989-1997, Tables 7-8, Statistics Finland

In 1990 unemployment was rare in Finland among people with upper secondary education and almost non-existent among people with a tertiary degree. In 1997 every fifth person under 25 with upper secondary education was unemployed, so was every fifth with tertiary education (Labour Force: Educational Level and Occupations 1989-1997, Tables 7-8). The difficulties young

people leaving school have finding a job are indicated by the situation in the next age group of 25 to 34, where only 13 % of the persons with upper secondary education were unemployed and 8 % of the persons with tertiary education.

In the European Union the average rate of unemployment for men under 25 with only basic education was 22 % and for women 24 % in 1995, while for men with upper secondary level qualifications it was 15 % and for women 17 %. On the other hand, the rate for those completing university or a similar institution lied in between, 18 % for men and 20 % for women.

However, it is to be pointed out that, in these comparisons, the small number of observations in the latter group, especially in Finland, where people tend to remain in the education system into their mid-20s and beyond, raises a question about the reliability of the data. The results should, therefore, be regarded as indicative only (Employment in Europe 1996, 91).

While completing higher levels of education tends to reduce the risk of unemployment, it is nevertheless the case that, in a number of countries, unemployment is high among recent university graduates and those with similar qualifications (Employment in Europe 1996, 91-92). Finding a job seems to pose almost as many problems for graduates as for those with lower educational qualifications. It is suggested that the problem of youth unemployment is shifting to young men and women in their early 20s, away from those in their teens, who represented the crux of the problem in the 1980s.

4 Part-time work

There are some potential causes for the change in average hours usually worked. These comprise a shift in employment between sectors of activities, in particular from agriculture and industry. In agriculture hours worked can be relatively long, while in services they tend to be shorter. In addition to that, there is a change in the composition of the work force in the different sectors, and especially the growth in the employment of women and in part-time jobs (Employment in Europe 1996,77). Most of the debate on working time tends to focus on the development of part-time work. An employee who is regularly working less than 30 hours per week has a part-time job.

Part-time jobs continued to expand in the 1990s. The service sector provided most of the addition to the number of jobs, and most new jobs were part-time. Part-time work increased even during the recession, when full-time jobs were scarce. Before the 1990s the growth in part-time work was particularly

associated with the increase in the employment of women. During the past few years, there has been a marked upward trend in the part-time employment of men. In most countries, part-time work has a moderate connection with unemployment (Employment in Europe 1997,47; OECD Employment Outlook 1995, 70).

Of the three Nordic countries, part-time work was most wide-spread in Norway and Sweden in 1990, where over half of the women under 20 were working under this kind of arrangements (Table 3). Moreover, in Norway part-time work was popular among young men of this age, too. In the age group of 20 to 24, it was not very extensive anymore, the highest shares were at the most one fourth of the Norwegian and Swedish women. It evidently refers to a number of people under 20 working part-time as well as studying.

The proportions of part-time work in 1997 compared with 1990 indicate that it increased in all three Nordic countries (Table 4). Particularly the shares of men had gone up. About half or more of men under 20 were working part-time and even in the age group of 20 to 24 almost one fifth of them. The shares of women under 20 increased with about 20 percentage points in Finland and Sweden. The proportions had grown even in Norway, where they were high initially. For women aged 20 to 24, the shares were at least twice as high as those for men in all countries, which was the relation in 1990 as well.

Involuntary part-time work refers directly to the ILO concept of under-employment, i.e. individuals who are working for fewer hours than they would like for involuntary reasons (OECD Employment Outlook 1995, 74). Those who could not find full-time work were mainly women. Those who were working fewer hours for economic reasons were mostly men.

It is argued that involuntary part-time work is a problem especially for young people and teenagers (OECD Employment Outlook 1995, 65). This raises some questions like why would young people want to work full-time while being in education. It is difficult to see how they could easily do both, full-time work and studies. One might assume that in some countries there are problems keeping the young in the school system. To some extent, it may reflect a problem with the transition from school to full-time work.

Table 3. Proportions of part-time working men and women in 1990

| | Finland % | Norway % | Sweden % |
|-------------|--------------|-------------|-------------|
| Men | | | |
| 16-19 years | 26 | 48 | 39 |
| 20-24 years | 7 | 9 | 6 |
| Women | | | |
| 16-19 years | 42 | 66 | 53 |
| 20-24 years | 13 | 26 | 26 |

Source: Luxembourg Employment Study

Table 4. Proportions of part-time working men and women in 1997

| | Finland* % | Norway % | Sweden % |
|-------------|---------------|-------------|-------------|
| Men | | | |
| 16-19 years | 48 | 56 | 58 |
| 20-24 years | 16 | 18 | 18 |
| Women | | | |
| 16-19 years | 61 | 76 | 79 |
| 20-24 years | 31 | 42 | 49 |

*In Finland employed persons aged 15 are included in the labour force.

Sources: Labour Force Statistics 1997, Tables A6-A8, Statistics Finland; Arbeidsmarkedsstatistikk 1996-1997, Tabell 29, Statistics Norway; Arbetskraftsundersökningarna 1997, Tabell 13, Statistics Sweden,

In 1997 more than an quarter of the Finnish men and women under 25 working part-time pointed out that they could not find a full-time job (Labour Force Survey 1997, 113). These persons can be taken for involuntary part-time

workers. About two thirds stated studies as the reason for part-time arrangements, confirming that in Finland, the majority of the part-time work done by young people is done by students and not by those having finished school. More or less the similar proportion of part-time workers were students in Norway (Arbeidsmarkedsstatistikk 1996-1997, 81).

An Australian study confirms that the majority of the women in part-time work were content with their current work arrangements. There existed a significant minority, though, who wished to change their employment status to full-time work or return to full-time work in the future (Walsh 1999, 179). It seems that students and mothers to small children choose part-time work as the best solution for some time.

Looking at Figure 9, the similarity of the development of part-time work in the three Nordic countries shows more clearly than in the former tables. The proportions of men working part-time grew equally in Finland and Sweden between 1990 and 1997. The same applies to Norwegian and Swedish women. In these countries, over half of the women in employment work part-time. Besides Swedish women, part-time work increased the most for Finnish women, whose share doubled in seven years.

Part-time work is not as wide-spread in all age groups in the Nordic countries. Except for young employed persons under 25, the shares of part-time work have not increased in older groups in recent years. The trend in the Nordic countries has been more a transfer of women from part-time to full-time jobs than the opposite (OECD Employment Outlook 1999, 18).

In Sweden and Norway the shares of women aged 25 to 64 working part-time fell by 4-5 percentage points between 1990 and 1997. This does not apply to Finland, where the proportion of people of this age group working part-time grew from 6 % to 8 % during these years. Both men and women contributed to it.

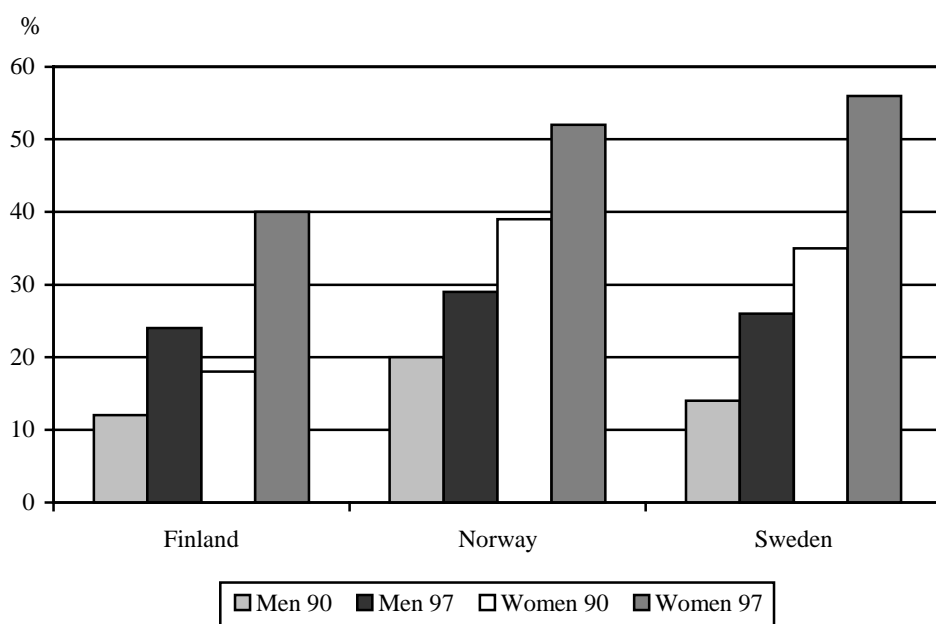


Figure 9. Proportions of men and women working part-time, 16-24*, in 1990 and 1997

*In Finland employed persons aged 15 are included in the labour force.

Sources: Labour Force Statistics 1990, Tables A6-A7; 1997, Tables A6-A8, Statistics Finland; Arbeidsmarkedsstatistikk 1990, Tabell 20; 1996-1997, Tabell 29, Statistics Norway; Arbetskraftsundersökningarna 1990, Tabell 13; 1997, Tabell 13, Statistics Sweden

According to some data, temporary work goes together with part-time work. LES includes some data about temporary work in Sweden. Data about Finland and Norway are not available. In Sweden part-time work and temporary work went together to some extent in 1990. With age, both part-time and temporary work appear to diminish. Half of the Swedish men under 20 or aged 20 to 24 working part-time had a temporary employment contract, while of men under 20 working full-time every fourth and of men aged 20 to 24 every tenth. Women under 20 working part-time and full-time did not differ from each other in this respect, half of both worked on a temporary basis. About 40 % of the women aged 20 to 24 working part-time worked under temporary terms, which was twice as much as for those in full-time work.

This parallelism can be noticed in Finnish data from 1997, as well. Of the employed persons under 25, every third was working part-time, and half of the

employees had fixed-term employment contracts (Labour Force Survey 1997, 114). It is not known how many employees worked under both of these terms. The most common reason for fixed-term employment was that the employees could not find a permanent job (49 %) although they wanted one. They can be called involuntary temporary workers. Only every third did not want a permanent job.

When comparing young men and women in full-time work in the three Nordic countries in 1990, it can be noticed that the working time of women was about two hours shorter than that of men (Table 5). Even in part-time work women appear to do shorter weeks than men. If using Finland as an example, with increasing part-time work, the average working time per week was two hours shorter in 1996 than in 1990. For men and women working full-time, working time per week had shortened only a little.

Table 5. Average working hours per week for men and women aged 16-24 in 1990 and in Finland in 1996

| | Finland 1990 | Finland 1996* | Norway 1990 | Sweden 1990 |
|--------------|-----------------|------------------|----------------|----------------|
| | Hours per week | Hours per week | Hours per week | Hours per week |
| Men | | | | |
| Full-time | 40,2 | 39,6 | 39,6 | 40,2 |
| Part-time | 13,1 | 11,0 | 10,4 | 11,2 |
| Women | | | | |
| Full-time | 38,1 | 37,4 | 37,8 | 38,5 |
| Part-time | 12,6 | 10,8 | 11,7 | 13,9 |

*In Finland employed persons aged 15 are included in the labour force.

Sources: Luxembourg Employment Study; Labour Force Survey 1996 Jan., Statistics Finland

Part-time work can be a conscious choice for young people in certain life situations and it had to be defended for those reasons. Nevertheless, it seems that part-time work goes relatively often together with fixed-term contracts. According to the results, there are more involuntary employees under fixed-term

contracts than under part-time working arrangements. Anyway, both arrangements can make a person's life more insecure. Furthermore, low income levels and frequent breaks between employment periods weaken one's pension security in the future.

5 Outside the labour force

Those not in the labour force are usually termed 'inactive' - neither employed nor unemployed. Unemployed are those people who are actively seeking work and could start work immediately in two weeks. In addition to the retired and the disabled, 'inactive' include young people still in education and those engaged in work without income, either domestic work or for charity (Nordic Statistical Yearbook 1998, 129).

Regarding the activities of young people outside the labour force in the three Nordic countries, no essential differences were to be seen in 1990 (Table 6). Most of these young men and women were in education or training. If men were not studying, they were in military service. In this age group, only a few were disabled. The classification 'Others' includes persons having domestic responsibilities and other unspecialised activities. Married women did most of the domestic work in 1990.

From 1990 to 1997 the proportion of young people outside the labour force has increased remarkably in Finland and Sweden. The share grew from 43 % to 56 % in Finland and from 32 % to 53 % in Sweden. In Norway increasing employment reduced the share from 40 % to 38 %.

Between 1990 and 1997 the proportion of the activities 'Others' had doubled in Sweden and increased in Finland (Table 7), meaning that these people are neither working nor in education. Unfortunately, data according to sex are not available. In Norway conscripts are not included, because they are included in the labour force. In Norway 15 % of young people outside the labour force were neither working nor studying. In 1990 most activities in 'Others' meant domestic work done by married women, whereas in 1997 the share of domestic work had fallen. It had been replaced with some unknown activities.

Table 6. Reasons of men and women aged 16-24 for being outside the labour force in 1990

| | Students % | Conscripts % | Disabled % | Others % | Total % |
|---------|---------------|-----------------|---------------|-------------|------------|
| Finland | | | | | |
| Men | 80 | 16 | 2 | 2 | 100 |
| Women | 88 | - | 1 | 11 | 100 |
| Total | 84 | 8 | 2 | 6 | 100 |
| Norway | | | | | |
| Men | 69 | 25 | 1 | 5 | 100 |
| Women | 82 | - | 1 | 17 | 100 |
| Total | 76 | 13 | 1 | 10 | 100 |
| Sweden | | | | | |
| Men | 86 | 8 | 1 | 5 | 100 |
| Women | 89 | - | 1 | 10 | 100 |
| Total | 88 | 4 | 1 | 7 | 100 |

Source: Luxembourg Employment Study

Table 7. Reasons of persons aged 16-24 for being outside the labour force in 1997

| | Students % | Conscripts % | Disabled % | Others % | Total % |
|----------|---------------|-----------------|---------------|-------------|------------|
| Finland* | 83 | 7 | 1 | 9 | 100 |
| Norway | 83 | ..** | 2 | 15 | 100 |
| Sweden | 78 | 4 | 5 | 13 | 100 |

*In Finland persons aged 15 are included.

**In Norway conscripts are not included in these statistics.

Sources: Labour Force Statistics 1997, Table 3, Statistics Finland; Arbeidsmarkedsstatistikk 1996-1997, Tabell 75, Statistics Norway; Arbetskraftsundersökningarna 1997, Tabell 21, Statistics Sweden

In spite of generally rising school attendance rates between 1984 and 1994, the proportion of young people who were neither attending school nor working increased in Belgium, Germany, Italy and the United Kingdom (OECD Employment Outlook 1996, 126). In 1994 more than one fifth of 18-year-olds in the United Kingdom were neither in school nor working. This is suggested to be connected with the difficulties of leaving the school system and beginning to settle into a job, where not all are successful.

A higher proportion of women aged 22 than men are neither in school nor in paid jobs in Europe. In 1994 this was the case with Greece, Italy, Spain, the Netherlands and Great Britain. This reflects the historical pattern that women leave school earlier and their historically different patterns of labour market attachment (OECD Employment Outlook 1996, 127).

The traditional pattern of women finishing their education earlier does not apply to the Nordic countries. In 1990 most single young women outside the labour force were studying. In Sweden also half of the married women were in education instead of doing domestic work.

The proportion of young people under 25 who are in education and also outside the labour force has increased in Finland and Sweden between 1990 and 1997 (Figure 10). In Finland the proportion rose from 38 % to 46 % of the population and in Sweden from 26 % to 42 % of the population. In Norway the share grew only by one percentage point to 38 %.

The share of young people in education has gone up simultaneously with increasing youth unemployment. This seems to be the case in Finland and Sweden. In Norway, where unemployment was moderate during the recession, the number of people in education remained fairly unchanged.

Young people studying and being outside the labour force do not make up the total number of students. The proportion of all young people in education is higher, because many students also working are included in the labour force. One estimate is that every fourth or fifth student under 25 in Finland, Norway and Sweden had a job beside the studies in 1990 (estimated from Table 241 in Yearbook of Nordic Statistics 1992).

The number of young people in education has increased in most European countries. On average 28 % of the men under 22 had studying as main task in 1994, while in 1984 the share was 22 %. The share of people aged 22 to 25 and who are receiving education has usually varied around 30 % in the European Union. Apart from Finland, this share amounted to over 35 % also in Denmark and the Netherlands in 1994 (Employment in Europe 1996, 75).

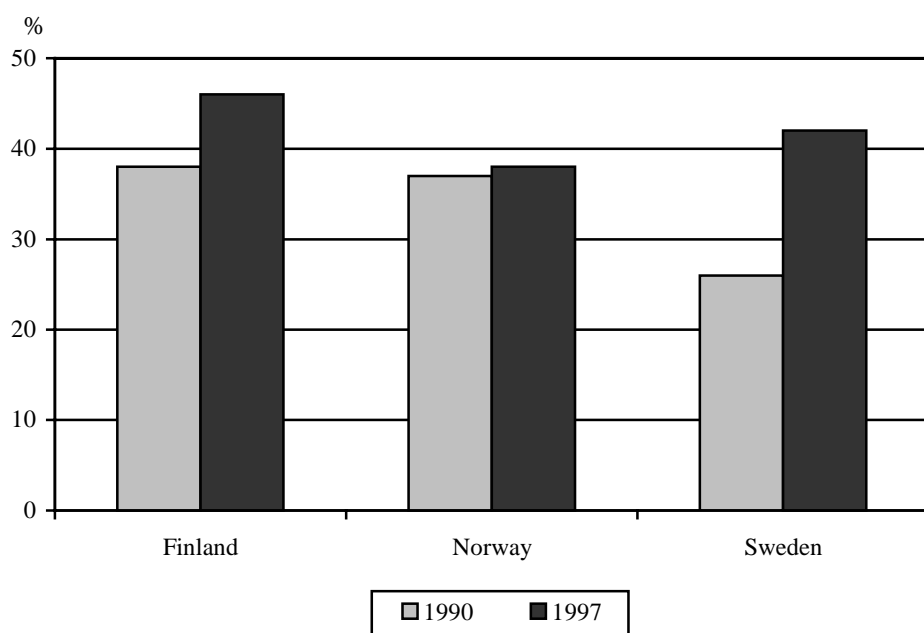


Figure 10. Proportion of the population of persons aged 16-24* who were in education and not working in 1990 and 1997

*In Finland persons aged 15 are included.

Sources: Labour Force Statistics 1990, Table 3; 1997, Table 3, Statistics Finland; Arbeidsmarkedsstatistikk 1990, Tabell 6 and 60; 1996-1997, Tabell 14 and 75, Statistics Norway; Arbetskraftsundersökningarna 1990, Tabell 1 and 22; 1997, Tabell 1 and 21, Statistics Sweden

Access to the labour market is hindered especially for young people and people without former work experience. However, education is a kind of security net, not only in the Nordic countries but in many other countries as well. In 1994 the shares of young people in education were especially high in those countries where unemployment was also most common (OECD Employment Outlook 1996, 118). The shares of men under 22 in education exceeded the OECD average in Belgium, France and Italy. The same applies to women under 22 in France and Spain.

6 Conclusions

The implicit question of this study was to find out whether there exist some substantial differences between Finland, Sweden and Norway in labour force participation of people under 25, which would justify the variations in pension provision concerning young people and the age limit of 23 years for pension accrual in Finland.

As to the activity rates (proportions of employed and unemployed of the population) of young people in Finland, Norway and Sweden, they did not differ from each other considerably before the early 1990s. Sweden had the highest activity rates, but Finland and Norway came close. Over 70 % or more of the young people aged 20 to 24 participated in the labour force at the time. Finland and Sweden were most heavily struck by the recession of the early 1990s, in Norway it went by almost without notice. By 1997 Finland and Sweden had not yet wholly recovered from it. In both countries the labour force participation rate for people under 20 had fallen almost to half of the previous level and the activity rates had not risen in the age group 20 to 24, either. In Finland there was a small sign of recovery, though.

In the early 1990s unemployment rates for young employed persons increased in Finland and Sweden to double that for adults. In Finland the unemployment rate for people under 20 rose to over 40 % and for people aged 20 to 24 to over 30 %, when the average rate in the European Union was slightly over 20. The unemployment rate for young people has fallen in Finland, but in 1997 it was still twice as high as in Norway or Sweden. In Sweden the unemployment rates remained below the European averages.

The educational level of the labour force under 25 improved slightly in all three Nordic countries between 1990 and 1997. The shares of people with upper secondary education grew, as did that of people with tertiary education. The figures of the European Union indicate an increase in educational attainment levels in most countries. The reason for the improvement in educational attainment evidently lies in the expectations of the employers as well as in higher qualifications for occupations. The educational level of the unemployed was lower than that of the employed persons in the three Nordic countries in 1990. Anyway, in Finland the gap had narrowed by the mid-1990s. A larger part of Finnish young people than previously is in education, and obviously those that have remained in the labour force are those with better chances of being employed.

In Finland unemployment was rare among persons with upper secondary education and almost non-existent among people with a tertiary degree in

1990. In 1997 unemployment had grown among people under 25 with upper secondary education as well as among those with tertiary education. The shares of unemployed with some further education are lower among people in the next 10-year age group, which can be referred to the difficulties graduates have finding a job. It is suggested that the problem of youth unemployment is shifting to young men and women in their early 20s, away from those in their teens, who represented the crux of the problem in the 1980s.

The contribution of young people in employment has also diminished due to increasing part-time work. Part-time jobs continued to expand in the 1990s. Before the 1990s the growth was particularly associated with the increase in the employment of women. During the past few years there has been a marked upward trend in the part-time employment of men. The share of part-time work for men as well as for women has gone up in all three Nordic countries. Still, it is women under 20 who mostly work part-time. In Finland and Norway two thirds of the young people working part-time also study.

Part-time work can be a conscious choice for students or young mothers. Nevertheless, it seems that it relatively often goes with fixed-term contracts. This makes life insecure, due to low income levels and frequent breaks between employment contracts. In addition, the employees' pension security will be weakened in the future.

Most young people outside the labour force in the three Nordic countries were in education in 1990 as well in 1997. In spite of generally rising school attendance, the proportion of young people who were neither working nor in education has increased in Europe. The share of these young people had doubled also in the Nordic countries. While in 1990 these people were mostly married women doing domestic work, this had been replaced with unknown activities by men as well as by women.

During a recession, access to the labour market is hindered especially for young people and people without former work experience. While the recession has decreased the need for young labour force, the young have continued to study. It has been noticed elsewhere in Europe, too, that the share of people in education changes with the employment rates. A high employment rate reduces the number of young people in education, and vice versa. The proportion of people in education increased especially in Finland and Sweden. Their proportion of the population under 25 grew from 38 % to 46 % in Finland and from 26 to 42 % in Sweden between 1990 and 1997.

Many things in the European labour market are common to the three Nordic countries. Youth unemployment has lead to decreased labour force participation and to increased education among young people and part-time work due to structural changes in the shift from industrial occupations to the service field.

In regard to social security and pension security, it has become more important than before to discuss the means with which to maintain the achieved levels also for today's young people in the future.

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