

MODERNISATION OF THE EUROPEAN SOCIAL MODEL AND CORPORATE  
SOCIAL RESPONSIBILITY: A CRITICAL ANALYSIS OF FINNISH COMPANIES

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A thesis submitted in partial fulfilment of the requirements of the University of Sunderland  
for the Degree of Doctor of Philosophy

February 2004

## **ACKNOWLEDGEMENTS**

*I would like to express my special thanks to my supervisor Tony Alabaster.*

*I'm also most grateful to my parents, especially to my father, for their overall support, and to my boyfriend Nick, for his everlasting endurance.*

## ABSTRACT

As the world's largest trading block, the EU accounts for 19% of world trade in goods (as compared to 16% for the U.S. and 9% for Japan) and forms with Japan and NAFTA part of the triad currently dominating world trade. The EU has also become involved in a host of policies that affect many aspects of the economic and social activities of the member states. The thesis assesses the developments related to the emergence of the concept of 'Corporate Social Responsibility' (CSR) at the European level and role and content given to it as well as recent efforts to integrate corporations as actors more firmly to the modernisation of the European social model. Special emphasis is given to the European Council appeal on CSR in March 2000 and the launch of the European level Campaign on the basis of this appeal.

The thesis explores the 205 biggest Finnish companies by turnover performance with regard to a set of criteria, based on the analysis of developments at the European level. The thesis focuses on CSR in one particular field, human resource management. In Finland, the government has played the leading role as provider of social services and benefits. Furthermore, the Finnish labour legislation and collective labour relations system is regulative and managerial discretion strongly limited compared with regulatory systems in many other countries. As a consequence CSR as a term is relatively new in Finland and explicit measures aimed at promoting CSR are still at an early stage of development. An analysis of companies was carried through by interviews, postal survey and content analysis of corporate public documentation. A rigorous questionnaire was used as a framework for information collection in the interviews and the postal survey, and also provided a structure for content analysis of corporate documentation. A total of 172 companies (84%) contributed to the research data. The research addressed eleven themes which were derived from key documentation, such as training, participation, security in employment, employee well-being, equal opportunities, work-life balance, recruitment of disadvantaged groups and reporting in public domain.

The thesis concludes that the majority of companies pay due attention to training and staff development, participation and staff involvement as well as employee well-being and work ability, whereas other areas such as promoting equal opportunities, work-life balance and integration of people experiencing difficulties in the labour markets are, with a few exceptions, largely neglected. Furthermore, the survey revealed strong similarities with regard to the themes where public sector support and the role of regulations are the strongest such as participation and staff involvement, employee well-being and work ability and work-life balance. The public sector role as the main provider of service system and benefits was reflected in the low support for certain parameters, such as daycare for employees children or better maternity/parental leave benefits than offered by regulations. Finally, the content analysis of corporate public disclosure indicated that importance of the employee-related disclosures has not been fully recognised. The disclosures were, in general, uneven, piecemeal and patchy. Quantitative performance indicators were reported by few and were not often in a comparable form. Current disclosures, especially in annual reports, are more akin to providing a message 'we are a successful company with a well educated and highly competent workforce' rather than 'we are a socially responsible company, taking good care of our employees'. Therefore, there is a need to develop disclosures to provide a more comprehensive and systematic view over softer issues such as equal opportunities, work-life balance and integration of disadvantaged groups.

Overall, if the role of the public sector is taken into account, the research results indicate that Finnish employees should do relatively well with regard to the set criteria. In Finland, the potential role and additional value for CSR could be, in front of increasing demands for flexibility and for deregulation, to show that companies, if provided more freedom, also are willing and capable to take more responsibility. The role of the EU is seen as building up a common framework for CSR, enhancing the partnership between the public and private sector and as a co-ordinator and a facilitator. However, CSR should complement regulations, legislation and the norm, not act as a substitute for them. This is of crucial importance to Finland, where the role of the public sector and a corporatistic bargaining system have been essential in the process of promoting high labour standards. In Finland, there is also a need for the public sector to promote more voluntary type initiatives, explicitly linked to CSR. Facing the predicted labour shortage the companies need to fully recognise the value of CSR, as an important factor in attracting competent workforce. Greater

coherence in company disclosure practices could be facilitated by European level guidelines and standards, seeking in turn, when appropriate, coherence with global ones.

## CONTENTS

ABSTRACT	I
LIST OF TABLES IN THE TEXT	VIII
LIST OF FIGURES IN THE TEXT	XV
LIST OF ABBREVIATIONS	XVI
<b>1 INTRODUCTION</b>	
1.1 GLOBALISATION, DEREGULATION AND EMERGENCE OF CSR	1
1.2 THE EUROPEAN UNION AND CSR	3
1.3 RESEARCH RATIONALE	4
1.4 RESEARCH AIMS AND OBJECTIVES	7
1.5 METHODOLOGY AND THE ROADMAP FOR THE RESEARCH	8
<b>2 MODERNISATION OF THE EUROPEAN SOCIAL MODEL AND CSR</b>	
2.1 INTRODUCTION	10
2.2 DEVELOPMENT OF THE EUROPEAN SOCIAL POLICY	11
2.2.1 The Treaty of Rome	11
2.2.2 The Single European Act	11
2.2.3 The Treaty of the European Union	12
2.2.4 The Treaty of Amsterdam	13
2.3 TOWARDS MODERNISATION OF THE EUROPEAN SOCIAL MODEL	14
2.3.1 New Challenges	14
2.3.2 Modernisation of the Organisation of Work	16
2.3.2.1 'New Organisation of Work' and Flexibility and Security	17
2.3.2.2 'New Organisation of Work' and Education and Training	18
2.3.2.3 'New Organisation of Work' and Participation	18
2.3.2.4 'New Organisation of Work' and Equal Opportunities	19
2.4 NEW MODEL FOR GOVERNANCE	20
2.4.1 Role of Legislation	20
2.4.2 Open Method of Co-ordination	21
2.5 EMERGENCE OF CORPORATE SOCIAL RESPONSIBILITY AT THE EUROPEAN LEVEL	21
2.5.1 European Businesses against Social Exclusion	21
2.5.2 Managing the Change and CSR	23
2.5.3 Modernisation of the EU Social Model and CSR	24
2.6 PRODUCTS AND TOOLS FOR MEASURING CORPORATE SOCIAL PERFORMANCE	26
2.6.1 The CSR Europe Resource Centre	26
2.6.2 The European Employment Guidelines and Assessment of Companies	27
2.6.3 Tools for Communicating CSR	29
2.7 FURTHER DEVELOPMENTS: GREEN PAPER AND CONSULTATION PROCESS	33
2.7.1 Definition of the CSR in Human Resources Management Field	33
2.7.2 The European Action Framework	34
2.7.2.1 Increasing Knowledge about the Positive Impact of CSR on Business and Societies	35
2.7.2.2 Development of Exchange of Experience and Good Practice	35
2.7.2.3 Promoting the Development of CSR Management Skills	35
2.7.2.4 Fostering CSR among SMEs	36
2.7.2.5 Facilitating Convergence and Transparency of CSR Practices and Tools	36
2.7.2.6 Multi-Stakeholder Forum on CSR	37

<b>3</b>	<b>CSR AND HUMAN RESOURCE MANAGEMENT IN FINLAND</b>	
3.1	INTRODUCTION	39
3.2	CSR IN FINLAND	40
	3.2.1 History and Development of CSR	40
	3.2.2 Definition for CSR in Finland	42
3.3	HRM IN FINLAND	43
	3.3.1 Position of the HRM Function	43
	3.3.2 Labour Markets	44
	3.3.2.1 Distribution of Unemployment	44
	3.3.2.2 Gender-based Segregation	45
	3.3.2.3 Ageing People	47
	3.3.2.4 People with Disabilities	47
	3.3.2.5 Immigrants/ethnic minorities	47
3.4	INDUSTRIAL RELATIONS AND LEGISLATIVE FRAMEWORK	48
	3.4.1 Industrial Relations	49
	3.4.2 Corporative Bargaining Relations	50
	3.4.3 Education and Training	52
	3.4.4 Participation and Staff Involvement	52
	3.4.4.1 Shop Steward System	53
	3.4.4.2 Co-operation in Enterprises	54
	3.4.4.3 Labour Protection Representative	55
	3.4.4.4 Personnel Representation in Companies' Administration	55
	3.4.4.5 Co-operative Bodies	56
	3.4.5 Pay and Benefits	56
	3.4.6 Security in Employment	56
	3.4.7 Health and Safety	57
	3.4.8 Equal Opportunities	58
	3.4.8.1 Gender	59
	3.4.8.2 Sexual Orientations	60
	3.4.8.3 Ageing People	60
	3.4.8.4 People with Disabilities	61
	3.4.8.5 Immigrants/ethnic minorities	62
	3.4.9 Work-life Balance	62
	3.4.9.1 Advisory Systems	62
	3.4.9.2 Daycare	62
	3.4.9.3 Family Leave	63
	3.4.9.4 Working time, Overtime and Flexibility	65
	3.4.10 Support for Employment	65
	3.4.10.1 Unemployment Benefit	65
	3.4.10.2 Employment Support	66
	3.4.10.3 Local Authorities' Obligation to Provide Employment Opportunities	67
	3.4.11 Accounting	68
3.5	VOLUNTARY MEASURES	68
	3.5.1 Government Programmes	68
	3.5.1.1 The National Workplace Development Programme	68
	3.5.1.2 The Well-being at Work Programme	69
	3.5.1.3 The Programme on Ageing Workers	69
	3.5.2 The Finnish Business & Society	70
	3.5.3 Public Disclosures	72
	3.5.4 Social and Ethical Investment Funds	72
	3.5.5 Standards and Guidelines	73
	3.5.5.1 Equal Working Community -project	73
	3.5.5.2 Industry Guidelines	74
	3.5.5.3 International Standards	74
	3.5.5.4 Awards	74

3.6	CURRENT TRENDS IN FINNISH WORKING LIFE	75
	3.6.1 Training and Staff Development	75
	3.6.2 Participation and Involvement	76
	3.6.3 Flexibility vs. Security	77
	3.6.4 Employee Well-being and Work Ability	77
	3.6.5 Equal Opportunities	79
	3.6.6 Inclusion on Labour Markets	79
<b>4</b>	<b>THE STRUCTURED SURVEY OF FINNISH COMPANIES: METHODOLOGY AND RESULTS OF THE INTERVIEWS</b>	
4.1	INTRODUCTION	81
4.2	METHODOLOGY	81
	4.2.1 The Target Population	81
	4.2.2 Collection of Data	83
	4.2.3 Defining Style for Questions	84
	4.2.4 Pros and Cons of Interviews and a Postal Questionnaire	85
	4.2.5 Defining Context for Questions	86
	4.2.6 Piloting Questions	96
4.3	THE PERSONAL INTERVIEWS AND RESULTS	97
	4.3.1 Contacting the Target Group	97
	4.3.2 Details of the Participants	99
	4.3.3 Values, Principles and Policies	101
	4.3.4 Training and Staff Development	106
	4.3.5 Participation and Staff Involvement	120
	4.3.6 Security in Employment	126
	4.3.7 Employee Well-being and Work Ability	130
	4.3.8 Equal Opportunities	135
	4.3.9 Work-life Balance	147
	4.3.10 Employment Policy and Groups Experiencing Difficulties on the Labour Markets	153
	4.3.11 Reporting and Measuring the Progress	168
	4.3.12 Comments	174
<b>5</b>	<b>THE STRUCTURED SURVEY OF FINNISH COMPANIES: RESULTS OF THE POSTAL SURVEY</b>	
5.1	INTRODUCTION	176
5.2	THE POSTAL SURVEY AND RESULTS	176
	5.2.1 Contacting the Target Group	176
	5.2.2 Details of the Participants	177
	5.2.3 Values, Principles and Policies	180
	5.2.4 Training and Staff Development	186
	5.2.5 Participation and Staff Involvement	197
	5.2.6 Security in Employment	201
	5.2.7 Employee Well-being and Work Ability	204
	5.2.8 Equal Opportunities	208
	5.2.9 Work-life Balance	217
	5.2.10 Employment Policy and Groups Experiencing Difficulties on the Labour Market	221
	5.2.11 Reporting and Measuring the Progress	229
	5.2.12 Comments	233

<b>6</b>	<b>CONTENT ANALYSIS OF CORPORATE PUBLIC DISCLOSURE</b>	
6.1	INTRODUCTION	235
6.2	METHODOLOGY	236
	6.2.1 Target Population	236
	6.2.2 Unit of Analysis	236
	6.2.3 Classification of Themes	237
6.3.	CONTENT ANALYSIS OF CORPORATE ANNUAL REPORTS	238
	6.3.1 Details of Participants	238
	6.3.2 Details of Non-participants	239
	6.3.3 Special Section Devoted to Employees	241
	6.3.4 Reporting by Themes	241
	6.3.5 Values and Principles	243
	6.3.6 Training and Staff Development	244
	6.3.7 Participation and Staff Involvement	246
	6.3.8 Pay and Benefits	248
	6.3.9 Security in Employment	249
	6.3.10 Employee Well-being and Work Ability	251
	6.3.11 Equal Opportunities	255
	6.3.12 Work-life Balance	258
	6.3.13 Employment Policy and Groups Experiencing Difficulties on the Labour Markets	259
	6.3.14 Measurement of Policies	261
	6.3.15 Disclosed Indicators by Ownership and Industry	264
6.4 .	CONTENT ANALYSIS OF PERSONNEL AND CSR REPORTS	265
	6.4.1 Details of the Participants	265
	6.4.2 Reporting by Themes	266
	6.4.3 Values and Principles	267
	6.4.4 Training and Staff Development	268
	6.4.5 Participation and Staff Involvement	269
	6.4.6 Pay and Benefits	271
	6.4.7 Security in Employment	272
	6.4.8 Employee Well-being and Work Ability	273
	6.4.9 Equal Opportunities	277
	6.4.10 Work-life Balance	279
	6.4.11 Employment Policy and Integration of Groups Experiencing Difficulties in Labour Markets	280
	6.4.12 Measurement of policies	281
	6.4.13 Reporting, Guidelines, Verification	283
<b>7</b>	<b>DISCUSSION AND CONCLUSIONS</b>	
7.1	INTRODUCTION	284
7.2	NATURE AND LEVEL OF INTEGRATION OF SOCIAL RESPONSIBILITY WITHIN FINNISH CORPORATIONS	287
	7.2.1 Corporate Values, Social and Ethical Principles	288
	7.2.2 General HRM Objectives and Administration	289
	7.2.3 Training and Staff Development	290
	7.2.4 Participation and Staff Involvement	293
	7.2.5 Pay and Benefits	295
	7.2.6 Security in Employment	296
	7.2.6.1 Atypical Contracts	296
	7.2.6.2 Restructuring and Redundancies	297
	7.2.7 Employee Well-being and Work Ability	299
	7.2.8 Equal Opportunities	302
	7.2.8.1 Gender	303
	7.2.8.2 Ageing Employees	306
	7.2.8.3 People with Disabilities	306



7.2.8.4	Immigrants/ethnic minorities	308
7.2.9	Work-life Balance	309
7.2.10	Recruitment and Promoting Employment	311
7.2.10.1	Unemployed	313
7.2.10.2	Ageing Employees	314
7.2.10.3	People with Disabilities	315
7.2.10.4	Immigrants and Ethnic Minorities	316
7.2.10.5	Low-skilled	317
7.2.11	Measuring the Policies	318
7.2.12	The Public Disclosure of the Companies	318
7.2.12.1	Annual Reports	319
7.2.12.2	Personnel Reports	322
7.2.12.3	CSR Reports	324
7.3	<b>FINNISH CORPORATIONS AND EUROPEAN COUNCIL APPEAL ON CORPORATE SOCIAL RESPONSIBILITY</b>	326
7.3.1	Life-long Learning	327
7.3.2	Work Organisation	328
7.3.2.1	Employee Involvement	329
7.3.2.2	Pay and Benefits	330
7.3.2.3	Flexibility vs. Security	330
7.3.2.4	Employee Well-being	332
7.3.2.5	Work-life Balance	333
7.3.3	Equal Opportunities	334
7.3.4	Social Inclusion	335
7.4	<b>LESSONS LEARNED</b>	336
7.4.1	Social Responsibility – a Corporate or Government Issue?	336
7.4.2	Companies	338
7.4.3	Public Sector	340
7.4.4	The European level	343
7.4.5	Idealised Model for CSR	345
7.4.6	Reflections and Limitations of the Research	349
	<b>REFERENCES</b>	351
	<b>APPENDICES</b>	377
	Appendix A: The European Union Institutions	377
	Appendix B: The European Union Decision Making Procedures	378
	Appendix C: The European Employment Guidelines	381
	Appendix D Global Reporting Initiative	387
	Appendix E: Finland: A Country Presentation	388
	Appendix F: The Survey Cover Letter	394
	Appendix G: The Survey Questionnaire	395
	Appendix H: List of Companies which Provided their Publicly Available Reports	405
	Appendix J: Annual Reports: Disclosed Indicators by Fortum	408
	Appendix I: Annual Reports: Disclosed Indicators by Outokumpu	409
	Appendix J: Personnel Reports: Disclosed Indicators by HYY Group	410
	Appendix K: CSR Reports: Disclosed Indicators by Kesko	411

## LIST OF TABLES IN THE TEXT

Table 2.1	The Social Charter 1990	12
Table 2.2	Partnership for a New Organisation of Work: The Green-print for the New European Social Model	17
Table 2.3	Recommendations and Practical Illustrations Concerning Promoting Integration on the Labour Market	22
Table 2.4	Recommendations and Practical Illustrations Concerning Avoiding Exclusion within Business and Minimising Redundancies	22
Table 2.5	Proposed Framework for the Managing Change Report	24
Table 2.6	CSR Europe Case Studies to the Four Pillars of the Employment Guidelines	27
Table 2.7	Actions which can be Taken by Business to Promote European Employment Guidelines	28
Table 2.8	Indicators Constructed on the Basis of European Employment Guidelines	29
Table 2.9	Process Indicators for CSR by the CSR Europe	30
Table 2.10	Performance Indicators for CSR Suggested by the CSR Europe	31
Table 2.11	Process Steps Suggested by the Business Impact Task Force	32
Table 2.12	Performance Indicators Suggested by the Business Impact Task Force	32
Table 3.1	Some Finnish Concepts Related to CSR	42
Table 3.2	The Aims of the Finnish Business & Society Group	71
Table 3.3	Confederation of Finnish Industry and Employers Guidelines for CSR: Employees Well-being and Competence	74
Table 4.1	Advantages and Disadvantages of Postal Questionnaires	86
Table 4.2	Survey Themes	87
Table 4.3	Interviews: Reasons for Declined Participation	97
Table 4.4	Interviews: Titles of Respondents	99
Table 4.5	Interviews: Participation in Accordance with the Number of Employees	100
Table 4.6	Interviews: Proportion of Employees Located in Finland	100
Table 4.7.	Interviews: Respondents in Accordance with the Industrial Sector	100
Table 4.8	Interviews: Values and Principles Defined, All Respondents	102
Table 4.9	Interviews: Values and Principles Defined, Manufacturing Sector	102
Table 4.10	Interviews: Values and Principles Defined, Service Sector	102
Table 4.11.	Interviews: Participation of Employees in Defining Values and Principles, All Respondents	103
Table 4.12.	Interviews: Participation of Employees in Defining Values and Principles, Manufacturing Sector	104
Table 4.13.	Interviews: Participation of Employees in Defining Values and Principles, Service Sector	104
Table 4.14	Interviews: The Person Responsible for the Personnel or HR Affairs	104
Table 4.15	Interviews: The Main Principles or Objectives of the Personnel/HR policy	105
Table 4.16	Interviews: The Areas of Training Focused During the Next Three Years, All Respondents	108
Table 4.17	Interviews: The Areas of Training Focused During the Next Three Years, Manufacturing Sector	108
Table 4.18	Interviews: The Areas of Training Focused During the Next Three Years, Service Sector	108
Table 4.19	Interviews: Proportion of Wages and Salaries Spent on Training in 2000	109
Table 4.20	Interviews: Percentage of the Staff which Participated in Training	110
Table 4.21	Interviews: Training/guidance for New Recruits	110
Table 4.22	Interviews: Training/guidance for Ageing Employees	111
Table 4.23	Interviews: Training/guidance for Low-skilled	111

Table 4.24	Interviews: Competence Appraisals, Regular Development Discussions and Personal Development Plans, All Respondents	112
Table 4.25	Interviews: Competence Appraisals, Regular Development Discussions and Personal Development Plans, Manufacturing Sector	112
Table 4.26	Interviews: Competence Appraisals, Regular Development Discussions and Personal Development Plans, Service Sector	113
Table 4.27	Interviews: Companies who Encourage their Staff to Rotate	113
Table 4.28	Interviews: Training which Aims at Achieving Formal Vocational Qualifications	114
Table 4.29	Interviews: Companies which Encourage their Staff to Study on their Own Accord	115
Table 4.30	Interviews: Participation of Employees with Atypical Contract	115
Table 4.31	Interviews: Participation of Employees with Atypical Contract, Manufacturing Sector	115
Table 4.32	Interviews: Participation of Employees with Atypical Contract, Service Sector	116
Table 4.33	Interviews: Training Opportunities Offered by the Company, All Respondents	118
Table 4.34	Interviews: Training Opportunities Offered by the Company, Manufacturing Sector	118
Table 4.35	Interviews: Training Opportunities Offered by the Company, Service Sector	118
Table 4.36	Interviews: Additional Issues Mentioned as regards Training and Staff Development	119
Table 4.37	Interviews: Methods for Communication	120
Table 4.38	Interviews: The Staff Categories Formally Informed about the Strategy of the Organisation	122
Table 4.39	Interviews: The Staff Categories Formally Informed about the Economic Performance of the Organisation	122
Table 4.40	Interviews: The Extent to which the Team-work is Applied	122
Table 4.41	Interviews: Incentive Schemes in Use, All Respondents	124
Table 4.42	Interviews: Incentive Schemes in Use, Manufacturing Sector	124
Table 4.43	Interviews: Incentive Schemes in Use, Service Sector	124
Table 4.44	Interviews: Additional Issues Mentioned in the Context of Employee Involvement	125
Table 4.45	Interviews: Proportion of Part-time Contracts	126
Table 4.46	Interviews: Proportion of Fixed-term Contracts	126
Table 4.47	Interviews: Proportion of Other Temporary Contracts	127
Table 4.48	Interviews: Methods Applied when Implementing Reductions of Workforce	128
Table 4.49	Interviews: Help Offered in Case of Redundancies	129
Table 4.50	Interviews: Additional Issues Mentioned in the Context of Job Security	130
Table 4.51	Interviews: Average Age of Personnel	130
Table 4.52	Interviews: Activities Related to Maintaining and Promoting Individual Well-being	132
Table 4.53	Interviews: Activities Related to Work Community and Organisation	133
Table 4.54	Interviews: Work and Working Conditions	134
Table 4.55	Interviews: Codes of Practice or Plans with regard to Promoting Equal Opportunities	136
Table 4.56	Interviews: Basis on which Discrimination is Forbidden, All Respondents	137
Table 4.57	Interviews: Basis on which Discrimination is Forbidden, the Manufacturing Sector	137
Table 4.58	Interviews: Basis on which Discrimination is Forbidden, the Service Sector	137
Table 4.59	Interviews: Codes of Practice to Combat Bullying	138
Table 4.60	Interviews: Codes of Practice to Combat Sexual Harassment	138

Table 4.61	Interviews: Monitoring of Certain Groups as regards Recruitment, Training and Promotions, All Respondents	139
Table 4.62	Interviews: Monitoring of Certain Groups as regards Recruitment, Training and Promotions, Manufacturing Sector	140
Table 4.63	Interviews: Monitoring of Certain Groups as regards Recruitment, Training and Promotions, Service Sector	140
Table 4.64	Interviews: Means used to Promote Equal Opportunities, All Respondents	141
Table 4.65	Interviews: Means Used to Promote Equal Opportunities, Manufacturing Sector	141
Table 4.66	Interviews: Means used to Promote Equal Opportunities, Service Sector	141
Table 4.67	Interviews: Codes of Practice to Deal with Discrimination Cases	142
Table 4.68	Interviews: Approximate Share of Women of Total Workforce	143
Table 4.69	Interviews: Approximate Share of Women in Management, All Respondents	144
Table 4.70	Interviews: Approximate Share of Women in Management, Manufacturing Sector	144
Table 4.71	Interviews: Approximate Share of Women in Management, Service Sector	145
Table 4.72	Interviews: Approximate Share of Foreigners of the Workforce	146
Table 4.73	Interviews: Additional Issues Mentioned with Regard to Equal Opportunities	146
Table 4.74	Interviews: Flexibility in Working Hours, All Respondents	148
Table 4.75	Interviews: Flexibility in Working Hours, Manufacturing Sector	148
Table 4.76	Interviews: Flexibility in Working hours, Service Sector	148
Table 4.77	Interviews: Flexible Working Times or Career Breaks	149
Table 4.78	Interviews: Means Used to Promote Work-life Balance, All Respondents	151
Table 4.79	Interviews: Means Used to Promote Work-life Balance, Manufacturing Sector	151
Table 4.80	Interviews: Means Used to Promote Work-life Balance, Service Sector	152
Table 4.81	Interviews: Additional Issues Mentioned by Respondents with regard to Work-life Balance	152
Table 4.82	Interviews: Decrease or Increase in Number of Personnel	154
Table 4.83	Interviews: Increase in Number of Personnel	154
Table 4.84	Interviews: Decrease in Number of Personnel	154
Table 4.85	Interviews: Targeted Recruitment, All Respondents	156
Table 4.86	Interviews: Targeted Recruitment, Manufacturing Sector	156
Table 4.87	Interviews: Targeted Recruitment, Service Sector	156
Table 4.88	Interviews: Principles or Guidelines with regard to Employment of People with Disabilities	158
Table 4.89	Interviews: The Companies which Currently Employ People with Disabilities	159
Table 4.90	Interviews: Number of People of Disabilities Currently Employed	160
Table 4.91	Interviews: Additional Issues Mentioned with regard to Recruitment by the Respondents	167
Table 4.92	Interviews: Means used to Report Publicly about Personnel or HR Policies, All Respondents	168
Table 4.93	Interviews: Means used to Report Publicly about Personnel or HR Policies, Manufacturing Sector	168
Table 4.94	Interviews: Means Used to Report Publicly about Personnel or HR Policies, Service Sector	169
Table 4.95	Interviews: Consultation of Employees	169
Table 4.96	Interviews: Target Groups for Reporting	170
Table 4.97	Interviews: Reasons for Reporting	170
Table 4.98	Interviews: Measuring Personnel/HR Management Policies	173
Table 4.99	Interviews: Certificates or Equivalent Received by the Company	173

Table 5.1	Postal survey: Reasons for Declined Participation	177
Table 5.2	Postal survey: Titles of the Respondents	177
Table 5.3	Postal survey: Participation in Accordance with the Number of Employees	178
Table 5.4	Postal survey: Proportion of Employees Located in Finland	178
Table 5.5.	Postal survey: Respondents in Accordance with the Industrial Sector	179
Table 5.6	Postal survey: Values and Principles Defined by the Companies, All Respondents	180
Table 5.7	Postal survey: Values and Principles Defined by the Companies, Manufacturing Sector	181
Table 5.8	Postal survey: Values and Principles Defined by the Companies, Service Sector	181
Table 5.9	Postal survey: Participation of Employees in Defining Values and Principles, All Companies	182
Table 5.10.	Postal survey: Participation of Employees in Defining Values and Principles, Manufacturing Sector	183
Table 5.11.	Postal survey: Participation of Employees in Defining Values and Principles, Service Sector	183
Table 5.12	Postal survey: The Person Responsible for the Personnel or HR Affairs	184
Table 5.13	Postal survey: The Main Principles or Objectives of the Personnel/HR Policy	185
Table 5.14	Postal survey: Acceptance of Principle of Life-long Learning as an Aim of Personnel/HR management Function	186
Table 5.15	Postal survey: The Importance of the Employability of an Employee	186
Table 5.16	Postal survey: The Areas of Training Focused During the Next Three Years, All Respondents	188
Table 5.17	Postal survey: The Areas of Training Focused During the Next Three Years, Manufacturing Sector	188
Table 5.18	Postal survey: The Areas of Training Focused During the Next Three Years, Service Sector	189
Table 5.19	Postal survey: Proportion of Wages and Salaries Spent on Training in 2000	189
Table 5.20	Postal survey: Percentage of the Staff which Participated in Training	190
Table 5.21	Postal survey: Training/guidance for New Recruits	190
Table 5.22	Postal survey: Training/guidance for Ageing Employees	190
Table 5.23	Postal survey: Training/guidance for Low-skilled	191
Table 5.24	Postal survey: Competence Appraisals, Regular Development Discussions and Personal Development Plans, All Respondents	192
Table 5.25	Postal survey: Competence appraisals, Regular Development Discussions and Personal Development Plans, Manufacturing Sector	192
Table 5.26	Postal survey: Competence Appraisals, Regular Development Discussions and Personal Development Plans, Service Sector	192
Table 5.27	Postal survey: Companies who encourage their staff to rotate	193
Table 5.28	Postal survey: Companies who had Taken into Use formal Vocational Qualifications	193
Table 5.29	Postal survey: Companies Promoting Employees to Study on Their Own Accord	194
Table 5.30	Postal survey: Participation of Employees with Atypical Contract in Training, All Respondents	194
Table 5.31	Postal survey: Participation of Employees with Atypical Contract in Training, Manufacturing Sector	195
Table 5.32	Postal survey: Participation of Employees with Atypical Contract in Training, Service Sector	195
Table 5.33	Postal survey: Training Opportunities Offered by the Company, All Respondents	196
Table 5.34	Postal survey: Training Opportunities Offered by the Companies, Manufacturing Sector	196
Table 5.35	Postal survey: Training Opportunities Offered by the Companies, Service Sector	196

Table 5.36	Postal survey: Methods for Communicating Employees Views to Management	197
Table 5.37	Postal survey: The Staff Categories Formally Informed about the Strategy of the Organisation	198
Table 5.38	Postal survey: The Staff Categories Formally Informed about the Economical Performance of the Organisation	198
Table 5.39	Postal survey: The Extent to which the Team-work is Applied	199
Table 5.40	Postal survey: Incentive Schemes in Use, All Respondents	200
Table 5.41	Postal survey: Incentive Schemes in Use, Manufacturing Sector	200
Table 5.42	Postal survey: Incentive Schemes in Use, Service Sector	200
Table 5.43	Postal survey: Proportion of Part-time Contracts	201
Table 5.44	Postal survey: Proportion of Fixed-term Contracts	202
Table 5.45	Postal survey: Proportion of Other Temporary Contracts	202
Table 5.46	Postal survey: Methods Applied when Implementing Reductions of Workforce	203
Table 5.47	Postal survey: Help Offered in Case of Redundacies	204
Table 5.48	Postal survey: Average Age of Personnel	205
Table 5.49	Postal survey: Activities Related to Maintaining and Promoting Individual Well-being	206
Table 5.50	Postal survey: Activities Related to Work Community and Organisation	207
Table 5.51	Postal survey: Activities Related to Work and Working Conditions	207
Table 5.52	Postal survey: Codes of Practice or Plans with regard to Promoting Equal Opportunities	209
Table 5.53	Postal survey: Basis on which Discrimination is Forbidden, All Respondents	209
Table 5.54	Postal survey: Basis on which Discrimination is Forbidden, Manufacturing Sector	209
Table 5.55	Postal survey: Basis on which Discrimination is Forbidden, Service Sector	210
Table 5.56	Postal survey: Codes of Practice to Combat Bullying	210
Table 5.57	Postal survey: Codes of Practice to Combat Sexual Harassment	210
Table 5.58	Postal survey: Monitoring of Certain Groups as regards Recruitment, Training and Promotions, All Respondents	211
Table 5.59	Postal survey: Monitoring of Certain Groups as regards Recruitment, training and promotions, manufacturing sector	211
Table 5.60	Postal survey: Monitoring of certain groups as regards recruitment, Training and Promotions, Service Sector	211
Table 5.61	Postal survey: Means used to Promote Equal Opportunities, All Respondents	212
Table 5.62	Postal survey: Means used to Promote Equal Opportunities, Manufacturing Sector	212
Table 5.63	Postal survey: Means used to Promote Equal Opportunities, Service Sector	212
Table 5.64	Postal survey: Codes of Practice to Deal with Discrimination Cases	213
Table 5.65	Postal survey: Approximate Share of Women of Total Workforce	214
Table 5.66	Postal survey: Approximate Share of Women in Management, All Respondents	215
Table 5.67	Postal survey: Approximate Share of Women in Management, Manufacturing Sector	215
Table 5.68	Postal survey: Approximate Share of Women in Management, Service Sector	216
Table 5.69	Postal survey: Approximate Share of Foreigners of the Workforce	216
Table 5.70	Postal survey: Flexibility in Working Hours, All Respondents	218
Table 5.71	Postal survey: Flexibility in Working Hours, Manufacturing Sector	218
Table 5.72	Postal survey: Flexibility in Working Hours, Service Sector	218
Table 5.73	Postal survey: Flexible Working Time or Career Breaks	219
Table 5.74	Postal survey: Means Used to Promote Work-life Balance, All Respondents	220

Table 5.75	Postal survey: Means Used to Promote Work-life Balance, Manufacturing Sector	220
Table 5.76	Postal survey: Means used to Promote Work-life Balance, Service Sector	221
Table 5.77	Postal survey: Decrease or Increase in Number of Personnel	222
Table 5.78	Postal survey: Increase in Number of Personnel	222
Table 5.79	Postal survey: Targeted Recruitment, All Respondents	223
Table 5.80	Postal survey: Targeted Recruitment, Manufacturing Sector	223
Table 5.81	Postal survey: Targeted Recruitment, Service Sector	224
Table 5.82	Postal survey: The Companies which Currently Employ People with Disabilities	225
Table 5.83	Postal survey: Companies who have Employed or Offered Training Opportunities for the Unemployed, Immigrants or Others	227
Table 5.84	Postal survey: Means Used to Report Publicly about Personnel or HR Policies, All Respondents	229
Table 5.85	Postal survey: Means Used to Report Publicly about Personnel or HR Policies, Manufacturing Sector	229
Table 5.86	Postal survey: Means Used to Report Publicly about Personnel or HR Policies, Service Sector	229
Table 5.87	Postal survey: Consultation of Employees	230
Table 5.88	Postal survey: Target Groups for Reporting	230
Table 5.89	Postal survey: Reasons for Reporting	231
Table 5.90	Postal survey: Measuring Personnel/HR Management Policies	232
Table 5.91	Postal survey: Certificates of Equivalents Received by Companies	233
Table 6.1	Annual reports: Content Analysis Themes	238
Table 6.2	Annual reports: Reports by Ownership of the Company	238
Table 6.3	Annual reports: Reports by Number of Employees on the Payroll	239
Table 6.4	Annual reports: Reports in Accordance with Specific Industry	239
Table 6.5	Annual reports: Missing Reports in Accordance with Ownership	240
Table 6.6	Annual reports: Missing Reports by Ownership and Number of Employees	240
Table 6.7	Annual reports: Missing Reports by Specific Sector and Ownership	241
Table 6.8	Annual reports: Number of Companies Devoting a Special Section for Employees	241
Table 6.9	Annual reports: Disclosures by Themes	242
Table 6.10	Annual reports: Disclosures of Themes by Ownership	242
Table 6.11	Annual reports: Disclosure of Themes by Industry	243
Table 6.12	Annual reports: Disclosed Indicators related to Values and Principles	244
Table 6.13	Annual reports: Disclosed Indicators Related to Training and Staff Development	246
Table 6.14	Annual reports: Disclosed Indicators Related to Participation and Staff Involvement	247
Table 6.15	Annual reports: Disclosed Indicators Related to Pay and Benefits	249
Table 6.16	Annual reports: Disclosed Indicators Related to Security in Employment	251
Table 6.17	Annual reports: Disclosed Indicators Related to Individual Well-being	253
Table 6.18	Annual reports: Disclosed Indicators Related to Work Organisation and Community	254
Table 6.19	Annual reports: Disclosed Indicators Related to Working Environment and Conditions	255
Table 6.20	Annual reports: Disclosed Indicators Related to Equal Opportunities	258
Table 6.21	Annual reports: Disclosed Indicators Related to Work-life Balance	259
Table 6.22	Annual reports: Disclosed Indicators Related to Employment Policy and Integration of Groups Experiencing Difficulties on Labour Markets	261
Table 6.23	Annual reports: Disclosed Indicators Related to Measurement of Policies	264
Table 6.24	Annual reports: Disclosed Indicators by Ownership	264
Table 6.25	Annual reports: Disclosed Indicators by Industry	265

Table 6.26	Personnel and CSR reports: Companies which Sent their Personnel Report	265
Table 6.27	Personnel and CSR reports: Companies which Sent their CSR report	266
Table 6.28	Personnel and CSR reports: Disclosures by Themes	267
Table 6.29	Personnel and CSR reports: Disclosed Indicators Related to Values and Principles	268
Table 6.30	Personnel and CSR reports: Disclosed Indicators Related to Training and Staff Development	269
Table 6.31	Personnel and CSR reports: Disclosed Indicators Related to Participation and Staff Involvement	271
Table 6.32	Personnel and CSR reports: Disclosed Indicators Related to Pay and Benefits	272
Table 6.33	Personnel and CSR reports: Disclosed Indicators Related to Security in Employment	273
Table 6.34	Personnel and CSR reports: Disclosed Indicators Related to Individual Well-being	274
Table 6.35	Personnel and CSR reports: Disclosed Indicators Related to Work Organisation and Work Community	275
Table 6.36	Personnel and CSR reports: Disclosed Indicators Related to Work Environment and Working Conditions	276
Table 6.37	Personnel and CSR reports: Disclosed Indicators Related to Equal Opportunities	279
Table 6.38	Personnel and CSR reports: Disclosed Indicators Related to Work-life Balance	280
Table 6.39	Personnel and CSR reports: Disclosed Indicators Related to Recruitment and Promoting Employment	281
Table 6.40	Personnel and CSR reports: Disclosed Indicators Related to Measurement of Policies	283
Table 7.1	Parameters with Regard to Training Yielding More than half of the Companies Support within Larger Companies	291
Table 7.2	Parameters with regard to Participation Yielding at Least Half of the Companies Support both in the Interviews and in the Postal Survey	294
Table 7.3	Parameters with regard to Work Ability Yielding at Least Half of the Companies Support both in the Interviews and in the Postal Survey	301
Table 7.4	The Principle and Process Indicators disclosed at least in 20% of the Annual Reports	320
Table 7.5	The Performance Indicators disclosed at least in 10% of the Annual Reports	321
Table 7.6	Principles and Process Indicators Disclosed at least in Half of the Personnel Reports	323
Table 7.7	Performance Indicators Disclosed at Least in half of the Personnel Reports	323
Table 7.8	Principle and Process Indicators Disclosed at Least in Half of the CSR Reports	325
Table 7.9	Performance Indicators Disclosed in at least Half of the CSR Reports	325
Table 7.10	Idealised Model: the Role of the EU	346
Table 7.11	Idealised Model: the Role of the Public Sector	347
Table 7.12	Idealised Model: the Role of Companies	349



## LIST OF FIGURES IN THE TEXT

Figure 1.1	Road Map to the Thesis	9
Figure 3.1	Values which Should be Emphasised in Activities of a Company according to the Business Leaders (%)	40
Figure 3.2	Unemployment Rates 1990-2001	44
Figure 3.3	Women's Participation in the Labour Force 1973 and 1996 (%) OECD	45
Figure 3.4	Corporative Bargaining Relations	51
Figure 3.5	Employees Having Undergone Training Paid for or Provided by Employer within the Past 12 months	76
Figure: 3.6	Factors of Work Ability	78
Figure 4.1	A Range of Methods of Research and Techniques of Data Collection	83

## ABBREVIATIONS

AKAVA	Confederation of Unions for Academic Professionals
CEEP	European Center of Enterprises with Public Participation and of Enterprises of General Economic Interest
CSCE	Conference on Security and Co-operation
CEC	Commission of European Communities
CSR	Corporate Social Responsibility
EAP	Employee Assistance Programme
EBNSC	European Business Network for Social Cohesion
EC	European Community
EEA	European Economic Area
EEC	European Economic Community
EFQM	European Foundation for Quality Management
EMAS	Eco-Management and Audit Scheme
ESF	European Social Fund
ETUC	European Trade Union Confederation
Eurosif	European Sustainable and Responsible Investment Forum
Eurostat	Statistical Office of the European Communities
Eurydice	The Information Network on Education in Europe
HRA	Human Resource Accounting
IIP	Investors in People
Henry ry	The Finnish Association for Human Resource Management
HRM	Human Resource Management
ILO	International Labour Organisation
KELA	Finnish Social Security Institution
KEPA	Service Centre for Development Cooperation
MBA	Master of Business Administration
MCR	Managing a Change Report
MNE	Multinational Enterprises
NACE	Nomenclature Générale des Activités Economiques dans les Communautés Européennes
NAFTA	North American Free Trade Agreement
PT	Employers' Confederation of Service Industries
PWC	Price Waterhouse Cranfield
SAK	Central Organisation of Finnish Trade Unions
SAM	Sustainable Asset Management
SAP	Social Action Programme
SEA	Single European Act
SME	Small and Medium Enterprises
STAKES	Finnish National Research and Development Centre for Welfare and Health
STL	The Union of Salaried Employees
STTK	The Finnish Confederation of Salaried Employees
TCC	The Copenhagen Centre
TT	Confederation of Finnish Industry and Employers
UNICE	Union of Industrial and Employers Confederation
WBCSD	World Business Council of Sustainable Development
VBDO	Dutch Association of Investors for Sustainable Development

# CHAPTER 1

# INTRODUCTION

## 1.1 GLOBALISATION, DEREGULATION AND EMERGENCE OF CSR

In Europe, state welfare institutions, public health provision and social security arrangements were part of the architecture of the post war democratic consensus (Wheeler and Sillanpää 1997). Adjustments in interest rates and taxation, monetary policy and price control were all deployed by post-war governments in search of the holy grail of low inflation, low unemployment, social welfare, increasing industrial production and stable economic growth (op.cit.).

As suggested by Wheeler and Sillanpää (1997) with regard to economic and social destiny, individual nation states no longer are, however, the main actors. In parallel, Nelson and Zadek (2000) suggest that there is a growing recognition that the balance of power is shifting between the state, the market and civil society. Traditional power hierarchies are being replaced by a more complex, multi-relational balance of power, where citizens and companies are playing an active role in shaping socio-economic change and addressing problems that were previously the sole responsibility of the government.

According to Bruun (2000) there is widespread understanding that a very significant trend in the current development of international capitalism can be described as a process of globalisation. The term globalisation is widely used to refer to the growth of world trade, the internationalisation of enterprises and financial markets, the decrease in impediments to trade, and the quantitative increase in international financial dealings (Nieminen 1997 and 1998). Another emphasis is on qualitative change since the 1980's brought about by the free financial markets, the explosive growth of international movements of capital, the fall of socialism and the liberalisation of economic policies in developing countries (op.cit.). Gregory (2000) suggests that in many respects globalisation and technological change are welcomed: they are raising productivity and living standards, and making new and cheaper products available. As argued by Korten (1995), however:

"We are creating a world that is becoming more deeply divided between the privileged and the dispossessed, between those who have power to place themselves beyond the prevailing market forces and those who have become sacrificial offerings on the altar of global competition".

The UN's 1997 Human Development report suggests that the biggest winners of globalisation have been multi-national corporations. Furthermore, Korten claims (1995) that the intensifying global economic competition seems to lead to increasing centralisation of the world's economy as big multinational firms merge with each other and develop

global strategic alliances. According to Korten (2001), of the world's 100 largest economies, 51 are corporations. The combined sales of the world's top 200 corporations are equal to 28% of the world's GDP. Furthermore, these same 200 corporations employ only 18.8 million people, less than one third of the world's people, and downsizing continues.

Globalisation of economic activity weakens the bonds between corporations and local communities and allows corporations to switch their activities quickly from one part of the world to another, making employment less secure (Bennet et al. 1999). As stated by Barsky et al. (1999), organisational downsizing has become a commonplace expression for describing how firms are adjusting to global competition, technological innovation and changing government regulation. In parallel, Nieminen argues (1997) that in the field of industrial relations, economic globalisation has provided large companies and powerful employers with new power resources: if they are not pleased with the way that labour markets are regulated in a given area or country, they can threaten to move factories elsewhere or suggest that future investments will be made in areas of more business friendly labour regulations.

Worldwide, at least 150 million people were unemployed at the end of 1998 – some for so long that they are considered ‘unemployable’ (ILO 1998). In addition, as many as 900 million people were ‘underemployed’ – involuntarily working substantially less than full time, or earning less than a living wage. Altogether, about 35% of the world's labour force were affected (op.cit.). As suggested by Renner (1999) rapid technological change and globalisation have contributed to a growing gap in job security and pay between skilled workers - professionals and technicians in particular and those lacking skills or possessing outdated ones.

Among the advanced industrial countries, Japan has managed to keep joblessness relatively low (3,4% in 1997) (Eurostat 2002). In most industrial countries, the figure has been considerably higher. This is particularly true in the EU where about 10% of the workforce, some 18 million people, were unemployed in 1997. By contrast, the US has managed to reduce its unemployment rate (op.cit.).

The increase in power of corporations on both a global and local scale has led to widespread concern over the political, economic, social and cultural impact on countries, people and the environment (Elkington 1997, Wheeler and Sillanpää 1997, Hopkins 1998,

Schwartz and Gibb 1999). As stated by McIntosh et al. (1998) the problem embedded in the relative shift of power from government to corporate bodies is - who is accountable, and to whom?

During the past 20-30 years there has been a growing public awareness of the role of corporations in society, although interest has fluctuated considerably (see for example Hacston and Milne 1996, McIntosh et al. 1998). After a decade of interest and significant activity in the 1970s, social responsibility slipped off the political and business agenda and only really showed any signs of returning by the mid 1990s by way of the Trojan Horse of environmental issues which brought the social responsibility debate back within the citadel walls of corporations (Gray et al. 1996).

The onset of the 1990's saw a return to stakeholder concerns over corporate social activities. In the mid 1990s this was re-emphasised by the introduction of the concept of the 'triple-bottom line' of sustainable development (Elkington 1997). This focuses companies and other organisations not only on their environmental performance, but also on their economic and social impacts (SustainAbility/UNEP 1998). The rising importance of this issue is further confirmed by the fact that one of the key outcomes of the World Summit on Sustainable Development in 2002 was the decision to:

"Actively promote corporate responsibility and accountability, including through the full development and effective implementation of intergovernmental agreements and measures, international initiatives and public-private partnerships, and appropriate national regulations." (UN 2002).

## **1.2 THE EUROPEAN UNION AND CSR**

Modernisation of the European social model as well as more specifically modernisation of work organisation and managing change, have been among the central themes of discussion regarding European social policy (see CEC 1997, 1998a, 2000b, 2000c, Diamantopoulou 2000a, European Council 2000a). The European Council in Lisbon (2000a) introduced a new form of governance, based on an open-method of co-ordination with the aim of incorporating private corporations more closely to the modernisation of the European social model.

As stated by the Commission (2002b) in its communication 'Towards a Global Partnership for Sustainable Development', globalisation may result in negative effects if it goes uncontrolled. Therefore, CSR public policies may help shape globalisation in a positive

way by promoting good company practices that complement public efforts for sustainable development.

The European Commission (2001b) makes an effort to define the concept of CSR:

"Most definitions of corporate social responsibility describe it as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.

Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing 'more' into human capital, the environment and the relations with stakeholders"

The first European level initiative related to CSR took place in 1995 when Jacques Delors brought together a group of business leaders to launch the European Declaration of Businesses Against Social Exclusion. The starting point for a more consistent approach for CSR was the establishment of a High Level Group on Economic and Social Implications of Industrial Change which suggested that all larger companies would provide an annual report on their employment and working conditions (CEC 1998a). In Lisbon, March 2000 the European Council summit resulted in a 'New Strategic Plan for Europe 2010' to become the most competitive and dynamic knowledge based economy in the world, capable of sustainable economic growth, with more and better jobs and greater social cohesion (European Council 2000a). As a vital step towards achieving those goals, government leaders made a special appeal to Corporate sense of social responsibility with regard to life-long learning, work organisation, equal opportunities and social inclusion (op.cit.). The response of businesses to this special appeal took the form of a European Business Campaign 'for Sustainable Growth and Human Progress' (CSR Europe 2000a). In July 2001 the Commission published a Green Paper on CSR. An EU multistakeholder forum, the centrepiece of the Commission strategy for promoting CSR and sustainable development, was launched in October 2002 (CSR EMS Forum 2002). In its communication (2002a), the Commission invited this forum to develop commonly agreed guidelines and criteria for measurement, reporting and assurance for CSR by mid-2004.

### **1.3 RESEARCH RATIONALE**

As the world's largest trading block, the EU accounts for 19% of world trade in goods (as compared to 16% for the U.S. and 9% for Japan) (CEC 2000a). Hirst and Thompson (1996) argue that the EU is the most ambitious project of multinational economic governance in the modern world and along with Japan and NAFTA form part of the triad

currently dominating world trade. The EU has also become involved in a host of policies that affect many aspects of the economic and social activities of the member states (see for example Meehan 1993, Hantrais 1995, Nielsen and Szyszczak 1997, Falkner 1999, McDonald 1999).

As stated earlier, modernisation of the European social model as well as more specifically modernisation of work organisation and managing change have been among the central themes of discussion regarding European social policy (CEC 1997, 1998a, 2000b, 2000c, Diamantopoulou 2000a, European Council 2000a). As argued by Sisson (1999), there is no such thing as an 'official' new European social model any more than there is an 'old' one. However, the central features of the discussion related to the modernisation of this model can be traced back by interrogating the developments of the EC social policy as well as recent documents provided or sponsored by the Commission in the labour and industrial relations field.

This thesis assesses the developments related to the emergence of the concept of 'Corporate Social Responsibility' (CSR) at the European level and role and content given to it as well as recent efforts to integrate corporations as actors more firmly to the modernisation of the European social model. Special emphasis is given to the European Council appeal on CSR in March 2000 and the launch of the European level Campaign on the basis of this appeal. Furthermore, the thesis focuses on CSR in one particular field, human resource management (HRM). As stated by Johnston (2001) the relationship between a business and its employees is key to the new requirement of corporate responsibility. If a company does not assume a high level of responsibility to its own staff, it is unlikely to do so to its customers or to the social and natural environment in which it works.

The EU has a long history of concern with the conditions of employees and their rights within the organisations. Gray et al. (1996) argue that this history both reflects, and provides an impetus to, the historical emphasis placed on employee-related CSR in Europe. From the Treaty of Rome (1957), through the SEA (1986) to the Community Charter of Fundamental Rights of Workers 1989 (the Social Charter) and the Treaty on European Union 1992 (the Maastricht Treaty), the EU has provided a steadily increasing bed of recommendations and regulation covering such matters as working conditions, health and safety, training, collective bargaining, equal pay, and initiatives directed to encourage full employment and the protection of those outside the labour force (Gray et al. 1996).



The research aims to critically assess the current practices of Finnish corporations within the European framework built up in Chapter 2. Finland was selected for the reasons that it is a relatively new member state (Finland, Sweden and Austria joined the EU in 1995) and provides an interesting case study, since it shares, together with the other Nordic countries, the image of being a welfare state with high social security and labour standards, gender and equality and solidarity in wage policy (see Vanhala 1995, Barnard 1996a). Furthermore, owing to the role of the public sector as the main provider of benefit and service systems (see Chapter 3), CSR as a term is relatively new in this country and clear definitions for it are missing (Koponen 1999, Panapanaan et al. 2001).

More recently, both the Finnish public and corporations have paid increasing attention to CSR. The focus of this research is on the corporations HRM within their home country, Finland and due attention is paid to the country-specific circumstances explored in Chapter 3. It should be noted that Finnish labour legislation and collective labour relations system is regulative and managerial discretion is strongly limited compared with regulatory systems in many other countries (in particular if compared to the UK system of voluntarism, see for example Vanhala 1995, Sisson 1999). However, as has been the case in other European states (Pierpaolo 1992), as a response to the global economic competition, the demands for deregulation and decentralisation of the collective bargaining system, in a way that allows more decisions to be made at the company level, have been more frequent recently (see Nieminen 1998) and steps in this direction have been already taken (Strömmer 1999, Hietanen 2000).

HRM is here defined broadly. According to Brewster (1994) from the words 'human resource management' alone the subject can be defined as the processes by which an organisation deals with labour it needs to perform its functions. In general, the term HRM is considered to go beyond traditional definitions of personnel management and encompass in addition to this, issues such as manpower planning, resourcing, development, industrial relations etc. (op.cit.). The thesis does not take part into the discussion over the difference between the terms of HRM and personnel management, and it does not use the term HRM to stress its 'strategic element' (see for example, Brewster 1994, Vanhala 1995).

The focus on this research, apart from more general commitment to values, CSR and ethics and image building, is on the following main HRM themes constructed by the literature review (Chapter 2 and 3):

- General HRM objectives and administration
- Training and staff development
- Participation and staff involvement
- Pay and benefits
- Security in Employment
- Employee well-being and work ability
- Equal opportunities
- Work-life balance
- Employment policy and integration of people experiencing difficulties on the labour markets
- Reporting and measurement of policies

#### **1.4 RESEARCH AIMS AND OBJECTIVES**

The central research question of this thesis asks to what extent Finnish biggest companies have integrated CSR in their Human Resource Management policies and practices.

This thesis sets out to critically assess the nature and level of integration of CSR in the field of HRM within the Finnish 205 biggest companies per turnover. The criteria for assessment is based on analysis on developments at the European level. Key drivers and barriers in national context, especially those deriving from interrelationships between the government and private sector are identified, together with an assessment how the companies performance relate to policies, objectives and targets set out at European level.

The research aims are achieved by addressing the following objectives:

- Defining the central features and actors documented in current discussions over modernisation of the European social model by detailing European Community social policy developments and by analysing the latest documents in this field and exploring how and, to what extent, the concept of 'Corporate Social Responsibility' has become part of European social policy strategies and other related European level actions. Particular reference is made to CSR in labour and industrial relations field and the thesis seeks to evaluate the meaning and content given to the CSR with regard to HRM in the European context. (Chapter 2)

- Assessing country specific driving forces for CSR in Finland, taking into account the changing and complex relationship between the public and private sector, industrial relations, legal framework and voluntary type of incentives for CSR in the HRM field. (Chapter 3)
- Undertaking a structured survey of the 205 biggest Finnish corporations by netsales with regard to the criteria established through Chapter 2, based on the analysis of developments at the European level, paying special attention to the European Council appeal to CSR in Lisbon in March 2000, and to the country specific circumstance presented in Chapter 3. This part is conducted through interviews and a postal survey. (Chapter 4 and 5)
- Analysing and critically assessing, by means of content analysis, the employee related disclosure within the corporate annual reports as well as other harcopy reports available in the public domain. As previously, criteria are established on the basis of the European level analysis, paying attention to the country specific circumstances presented in Chapter 3 as well as to the parameters of the structured survey in Chapter 4 and 5. (Chapter 6)
- Developing an ideal model for CSR with regard to HRM in Finland, paying attention to the role of each of the major actors; companies, the Finnish Government and the EU, and their desirable action in this field. (Chapter 7)

## **1.5 METHODOLOGY AND THE ROADMAP FOR THE RESEARCH**

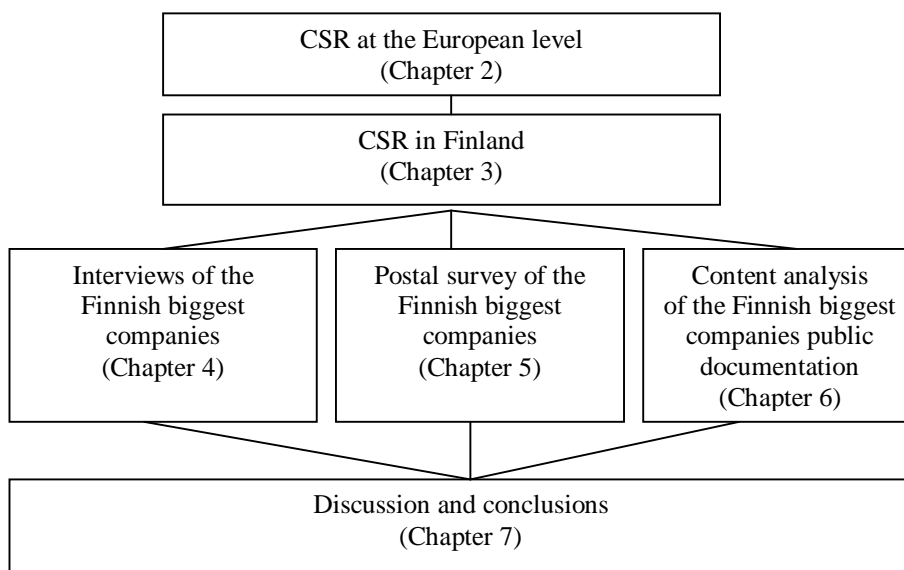
The thesis explores the 205 biggest Finnish companies by turnover relative performance with regard to a set of criteria, based on the analysis of developments at the European level. These have been selected by following the *Talouselämä's* (2001) list of top 500 companies in Finland.

Data collection is based on structured survey conducted through interviews and a postal questionnaire (Chapter 4 and 5). The survey consisted of 11 sections. The context for questions has been established by looking at relevant documents produced at the European level and paying due attention to the country-specific circumstances and topics currently under discussion in Finland.

In addition, a complementary content analysis of companies' hard copy reports available in public domain was carried through (Chapter 6). The same rigorous questionnaire which was used as a framework for information collection in the interviews and the postal survey, also provided a structure for content analysis of corporate documentation. The target population remained the same and as many as 160 provided their publicly available reports. The methodology applied was to count how many companies disclosed certain theme/indicator.

Figure 1.1 provides an overall picture of the structure of the thesis.

**Figure 1.1 Road Map to the Thesis**



CHAPTER 2  
MODERNISATION OF THE  
EUROPEAN SOCIAL  
MODEL AND CSR

## 2.1 INTRODUCTION

An element of ambiguity has always surrounded any discussion about the existence of a Community social policy (see Teague 1994, Barnard 1996b, Nielsen and Szyszczak 1997, Dearden 1999). How can the European Union develop a social dimension to its activities when the member states present such a diverse set of traditions and cultures in this policy area and in a climate of opinion which emphasises competitiveness, de-regulation, and the need to reduce the so-called burden on firms?

Furthermore, Teague (1994) suggests that at root the issue has been controversial because it is a central part of the debate what is the most appropriate social model for Europe in the 1990s and beyond. On the other hand, the UK government and the European employers want to make the Community labour market more flexible by curtailing government interventions in the economy. On the other hand, the Commission and some member states simply regard social policy as an extension of the model of welfare capitalism that has dominated national economies in Europe since the Second World War (op.cit.).

Despite this opposition to Community intervention in the social policy field, the range of issues addressed by the Community has been varied, covering, inter alia, working conditions, training, equal treatment, health and safety at work, collective bargaining, equal pay and initiatives directed to encourage full employment and protection of those outside the workforce (see for instance Gray et al. 1996, Nielsen and Szyszczak 1999, Barnard 2000).

Dearden (1999) suggests, however, that the dramatic increase in unemployment across the Europe that began in late 1970's and that has been persistent ever since has sharpened the polarisation between those who advocate the primacy of market forces and the need for flexible labour markets, and those who support an interventionist or corporatist approach to economic and social policy. Furthermore, Deakin and Reed (2000) argue that while the programme of labour market deregulation has not been formally adopted at the European level, there has been growing calls for the elimination of 'rigidities' in labour markets in order to widen wage differentials in places, to increase sectoral and occupational mobility within the labour force, and to encourage use of 'flexible' working patterns, all with a view to expanding overall employment levels.

This chapter builds the framework for the research by interrogating the developments and driving forces which lead to the emergence of CSR at the European level. It starts by briefly summarising the developments of the European social policy from the Treaty of Rome (1957) to the Treaty of Amsterdam (1997). After this the central features of the discussions and documents related to the modernisation of the European social model and modernisation of the work organisation are explored. Furthermore, this Chapter analyses the introduction of the new form of governance, open method of co-ordination, from the point of view of integrating the private corporations to the modernisation of the European social model. Special attention is paid to the Lisbon European Council (2000a) appeal on Corporate Sense of Social Responsibility and European business campaign launched as a response to this appeal.

## **2.2 DEVELOPMENT OF THE EUROPEAN SOCIAL POLICY**

### **2.2.1 The Treaty of Rome**

The Treaty of Rome (1957) contained only a few scattered provisions on social and labour market policy and lacked in most parts explicit competence for EC-level intervention, with exception to equal pay between genders and the freedom of movement for workers as part of the Treaty's market making activities (Barnard 1996b, Dearden 1999, Falkner 1999, Nielsen and Szyszczak 1999, European Parliament 2000).

The turning point came in October 1972 when the heads of government meeting in Paris issued a communication emphasising that vigorous action in the social sphere is to them just as important as achieving the Economic and Monetary Union (Barnard 1996b, Nielsen and Szyszczak 1999). This change of approach can be explained in part by reference to the social unrest in Western Europe in 1968 (Wise and Gibb 1993) and in part by realisation that the Community had to be seen as more than a device enabling business to exploit the common market (Barnard 1996b). It was felt that the Community required a human face to persuade its citizens that the social consequences of growth were being effectively tackled (Shanks 1977).

### **2.2.2 The Single European Act**

The Single European Act (effective as from July 1987) was a decisive turning point as far as that part of the Community's social policy relating to health and safety at work was

concerned (Dearden 1999, European Parliament 2000). The legislation predating the Single European Act was proposed on the basis of article 100 EEC and/or article 235 EEC both requiring a unanimous vote by the Council (Barnard 1996b, Dearden 1999). The Single European Act introduced the new Article 118a which extended the use of qualified majority to health and safety at work (Barnard 1996b, Nielson and Szyszczak 1999, European Parliament 2000).

In 1989 the Heads of State 11 Member States - with the UK opting out - adopted the Community Charter of the Fundamental Social Rights of Workers or Social Charter for short (European Parliament 2000). Based on the Council of Europe's Social Charter and the ILO's Conventions, it lays down a range of social rights that are to be guaranteed in the European labour market rights (Nielsen and Szyszczak 1997, European Parliament 2000).

### **Table 2.1 The Social Charter 1990**

<ul style="list-style-type: none"><li>• freedom of movement</li><li>• freedom to choose and engage in an occupation and to be fairly remunerated</li><li>• improvement of living and working conditions</li><li>• social protection</li><li>• freedom of association and collective bargaining</li><li>• vocational training</li><li>• equal treatment</li><li>• information, consultation and participation</li><li>• protection of health and safety at the workplace</li><li>• protection of children and young persons</li><li>• protection of the elderly</li><li>• protection of the disabled</li></ul>
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### **2.2.3 The Treaty of the European Union**

Since the UK strongly opposed any increase of the Community power in the social policy field, the other 11 member states included an Agreement on Social Policy by annex to the treaty on the European Union (Rahman & Gallagher 1997, Dearden 1999, Nielson and Szyszczak 1999, European Parliament 2000). The Agreement spells out the objectives for social and labour market policy in accordance with the guidelines laid down in the 1989 Social Charter. The major achievement was that the decisions can be taken by qualified majority in the areas of improvements in the working environment to protect employees; working conditions; information and consultation of workers; equal opportunities for men and women on the labour market and equal treatment at work; occupational integration of people excluded from the labour market (Rahman and Gallagher 1997, European Parliament 2000).



The new institutional arrangements contained in the Social Agreement of the Maastricht Treaty had a significant impact on the Commission's role in the EU social-policy making process (Obradovic 1995, Rhodes 1995, Falkner 1998). The social dialogue became a central, if not the central, institution of EU social policy making (Wendon 1998). Falkner (1999) suggests that this development is a good example of what has been described as the transformation of governance evolving around (but not exclusively at) the EU-level: a shift away from a hierarchical towards a network style of governance, which is characterised by co-operative rather than competitive interaction patterns among a large variety of actors.

#### **2.2.4 The Treaty of Amsterdam**

The Labour Party victory in the British elections in 1997 marked a shift in UK's attitude towards social policy, culminating in the Labour government expressing its agreement with the objectives of the Agreement on Social Policy (Rahman and Gallagher 1997). As a result, the objectives of the Agreement on Social Policy were introduced into the body of the Treaty of Amsterdam and, following the ratification of that Treaty by all member states, any future social-policy legislation will be applicable to all of them, including the United Kingdom (see Treaty of Amsterdam 1997).

The Treaty of Amsterdam introduced strengthened provisions for social policy. The new Article 6a has a significant anti-discrimination clause which aims at promoting equality of the sexes, and prohibiting discrimination on grounds of disability, ethnic origin, religion or belief, age or sexual orientation. Furthermore, the new Treaty made a reference to the fight against social exclusion.

Finally, a chapter on employment was incorporated into the new treaty. Each member state will retain control over its own employment policy, but from now on will fit into a co-ordinated European strategy (Rahman and Gallagher 1997, Szyszczak 2000). There will be a joint annual report on employment in the Union, qualified majority voting will be used by the Council to draw up guidelines which Member States should take into account (Rahman and Gallagher 1997, Szyszczak 2000, European Communities 2003). The employment policy provisions do not concern harmonisation of national measures, but a 'softer' form of approximation of national policies intended to improve the flexibility and responsiveness to changing conditions within the national labour markets in a global economy, as well as to combat market failures such as the gender division of labour or skill shortages (see Deakin and Read 2000, Shaw 2000).

In November 1997 the Luxembourg job summit began a rolling programme of yearly planning, monitoring, examination and re-adjustment based on the four so-called 'pillars' of priority action as regards employment (CEC 1999):

(1) Improving employability – making sure people can develop the right skills to take up job opportunities in a fast-changing world.

(2) Developing entrepreneurship – making it easier to start and run a business and employ people in it.

(3) Encouraging adaptability in business and their employees – developing flexible ways of working to reconcile security and flexibility.

(4) Strengthening the policies for equal opportunities – equal access for women and men, equal treatment at work.

The main pillars of the European Employment Guidelines for 2001 (Council Decision 2001/63/EC) are presented in Appendix C.

However, the Treaty of Amsterdam's provisions on social policy stipulate that European Union legislation in the areas of social security, employee rights in the event of layoffs and co-determination issues may be introduced only upon unanimous agreement in the Council. Therefore, while the requirement of unanimity in these areas does not prevent the emergence of common European legislation, the pace of development of such legislation is inevitably slowed down (Rahman and Gallagher 1997). It should be noted that the issue of wage standards remains an exclusive competence of the member states (op.cit.).

## **2.3 TOWARDS MODERNISATION OF THE EUROPEAN SOCIAL MODEL**

### **2.3.1 New Challenges**

Barnard (1996a and 2000) argues that in the early 1990s, the Community had to come to terms with three major trends in economic and industrial relations, common across virtually all member states. The first concerns the structural transformation of the economy. This has two elements: the internationalisation of corporate structures and the sectoral redistribution of the labour force away from agriculture and traditional industries to services, particularly private services. The second trend arises from the economic crises

leading to major recessions in the early 1980s and again in the early 1990s. These have been accompanied by relatively high levels of unemployment and, with some exceptions, relatively low levels of inflation. The third trend is the change in the political climate in the 1980s, reflected in a general move to the right in national government policy-making together with a shift in the economic balance of power away from employees and trade unions and towards employers and managers. Employment relations were characterised by greater flexibility in recruitment, deployment and rewards and the de-centralisation of decision-making, mainly through collective bargaining but also increasingly through the exercise of managerial prerogative (op.cit.).

Wendon (1998) argues that changes in the economic context reinforced the decline in the political support of social policy. In parallel Kari (1997) suggests that even though Amsterdam and Maastricht treaties show that progress has been made in the social policy area, more difficulties with passing detailed legislative initiatives in this area is expected in the future, not only because of the enlargement prospects but because of the general demands for greater flexibility in the field of employment relations in order to give the companies space to face the increasing pressures of global competition.

In contrast, the post 1993 period witnesses recession and chronic levels of unemployment across the Community and growing global economic competition. Almost without exception national governments in Western Europe began to review the fiscal and regulatory burdens on companies (Hoeller et al. 1996, OECD 1996). Dearden (1999) suggests, that rising unemployment and the challenge of 'globalisation' have shifted the balance of argument towards those advocating neo-liberal market flexibility (see Addison and Siebert 1994 and 1997) and away from the preservation of the European neo-corporatist tradition, with its emphasis on 'social cohesion' and workers' rights.

To some extent, the response at the EU level paralleled the national level, with the Delors' White paper on Growth, Competitiveness and Employment shifting the emphasis away from employment rights to job creation (CEC 1993, Kuper 1994, Ross 1995). In such climate Employment and Social Affairs DG's main function – the regulation of companies' employment practices and working conditions generally, became politically and economically less acceptable (Wendon 1998). At the same time, Employment and Social policy DG was not well placed to be able to respond to the unemployment problem as policies that deal directly with unemployment are mainly the responsibility of national governments (op.cit.).

### 2.3.2 Modernisation of the Organisation of Work

The importance of the modernisation of the work organisation was endorsed by the Luxembourg job summit in 1997, which made adaptability and the renewal of the organisation of work one of the four pillars of the employment strategy (CEC 1998c). As a response the Commission presented the Green Paper 'In Partnership towards new Organisation of Work' in 1997 with the aim of launching an ambitious debate on the modernisation of work organisation. Another important document in this field is High Level Group on economic and social implications of industrial change report (CEC 1998a) 'Managing the Change'. The Luxembourg Employment Summit (1997) asked the Commission to appoint a high level expert group to analyse likely industrial changes in the EU and to look into ways of better anticipating them so as to guard against their economic and social effects (CEC 1998b). In response to this mandate the Commission has established a High Level Group to examine the economic and social implications of industrial change (CEC 1998c). The importance of the document is demonstrated by the fact that in its social policy agenda 1998-2000 the Commission commits itself to follow up the High Level Group's recommendations in developing future policies in this area (op.cit.).

Newsome (2000) argues that rationale behind Commission documents on modernisation of work organisation is the construction of appropriate mechanisms to secure what is referred to as a 'new European model of work organisation'. This emerging model, designed to secure and sustain European competitiveness, is based on principles of high skill, high trust and high quality, as well as incorporating high levels of worker involvement (see also CEC 1997, Weber 1997, Foster 1999). On the other hand Newsome (2000) suggests that consideration is also given towards the contradictory pressures inherent within the dynamics of workplace restructuring. These tensions operate around the search for greater organisational flexibility and a concern for increased employability. The conundrum is to balance organisational efficiency and productivity against a concern to secure enriching work based around the advancement of quality of working life (op.cit.)

Sisson (1999) speculates about the prospects of the 'new' European social model becoming the orthodox in the employment relations field. He pieces together the main features of the claimed new social model by using the documents mentioned above, the European Commission's Green Paper 'Partnership for a New Organisation' of work (CEC 1997) and

High Level Group report on Management of Change (CEC 1998a) as well as other sponsored publication.

Sisson (op.cit.) suggests that in a nutshell 'the New European Social Model' seeks to combine flexibility with security of employment and education and training, and direct participation ("empowerment") of individual employees with the indirect participation ("partnership") of employee representatives. The outcomes are the virtuous and reinforcing circle of quality people, quality of goods and services, competitiveness and 'good' jobs (CEC 1997).

**Table 2.2 Partnership for a New Organisation of Work: the Green-print for the New European Social Model**

The focus	Main ingredients	Outcomes
Modernisation of work organisation	Flexibility Security Education and training Direct participation ("empowerment") Indirect participation ("partnership")	Quality people/quality goods and services Competitiveness/ " good" jobs

Source: Sisson 1999

### 2.3.2.1 'New Organisation of Work' and Flexibility and Security

The Green Paper (1997) argues that the key issue for workers, management, the social partners and policy makers alike is to strike the right balance between flexibility and security (CEC 1997, CEC 1998c, Larsson 1998a, 1998b and 1999). Allan Larsson (1998a and 1998b), head of the unit of the Directorate for Employment and Social affairs, argues that this includes flexibility not only for employers, but also for workers provided that it is negotiated. It is about security not only for employees, but also for employers, through a better trained, more stable labour force. In words of the Green Paper (CEC 1997):

"Employers need greater flexibility in order, in particular, to cope with fluctuations in demands for their goods and services. In particular, they are often looking for interchangeable skills and adaptable working patterns, including working time arrangements. Such flexible arrangements can also have advantages for employees, provided that they are negotiated: for example working time arrangements which suit their private or family commitments."

Sisson (1999) argues that a key implication is the type of flexibility being sought. Most recent attention has been on external flexibility, i.e. ability of the organisation to vary its commitments through reductions in the number of employees or changes in their status (e.g. from permanent to temporary) or through subcontracting. The real advances, it is argued, are much more likely to come from internal flexibility leading to improved

organisational capacity. The Green Paper argues that great potential for Europe rests in belief that human resources, rather than being just a factor of production, are the main source of competitive advantage in this rapidly changing environment (see CEC 1997).

#### 2.3.2.2 'New Organisation of Work' and Education and Training

According to Larsson (1999), in order to provide attractive, competitive products, European businesses need a well-trained, highly skilled workforce that can respond and adapt quickly to their changing requirements. The Green Paper (1997) argues a culture of learning and training throughout working life needs to be fully embedded. In parallel, the High Level Group (1998a) stresses the importance of training and argues that companies have an obligation and direct interest to take responsibility of the employability of their workforce. Furthermore, companies should introduce training programmes, which prepares workers for (op.cit.):

- different approaches to their work as a result of technological, organisational and economic change;
- changing jobs and acquiring new skills within the same company;
- adopting to the needs of the labour market, should they be forced to leave the company.

The effort involved entails training, which goes beyond the immediate needs of the job in question and prepares the workers for future requirements.

#### 2.3.2.3 'New Organisation of Work' and Participation

In the words of the head of the unit of Directorate for Employment and Social Affairs, Allan Larsson (1998a):

"Towards the end of the Green Paper we ask whether it is possible to develop, through partnership, a new framework for the modernisation of the organisation of work, which takes account of the interests of both business and workers."

The Green Paper (1997) stresses the role of the social partners, in firms, at sectoral, national and at European level as crucial in the development of a new organisation of work. However, the renewal of the organisation of work can only be achieved by the firms

themselves, involving management of workers and their representatives (CEC 1997, 1998b). The Green Paper (1997) stresses the role of workers in decision making:

"The relationship between employers and employees becomes a key factor as firms move from traditional methods of organisation to more flexible internal arrangements. The role of workers in decision making and the need to review and strengthen the existing arrangements for worker's involvement in their companies will also become essential issues.

...The participation of employees in profits and enterprise results could also assume greater importance."

#### 2.3.2.4 'New Organisation of Work' and Equal Opportunities

One of the key policy challenges mentioned by the Green Paper (CEC 1997) is how to take advantage of the new employment trends with regard to equal opportunities. Special headings are devoted to gender-based opportunities, role of immigrants and ethnic minorities as well as to disabled people.

According to the Commission (op.cit.) the difference in employment between men and women is 25 million, 85 million men and 60 million women in work. Consequently the Commission argues (1997 and 1998b) that it is necessary to organise not only firms but whole social infrastructure to support men and women on a more equal footing and that in the search for better organisation of work, more attention must be given to the gender perspective, including the reconciliation of working and family life.

The Commission suggests (CEC 1997) that new developments in relation to work organisation also presents risks and opportunities for workers from immigrant or ethnic minority backgrounds:

"Businesses, and other organisations are operating in an increasingly multi-cultural environment, with customers, suppliers and employees from diverse national, ethnic and cultural backgrounds. Success in the market-place increasingly depends on the ability to integrate this potential to best effect".

Furthermore, the Commission (op.cit.) suggests that a better organisation of work can improve job opportunities of people with disabilities. In particular it can help to ensure that workplaces and work arrangements are adapted to their needs:

"Teleworking can expand dramatically the employment opportunities of a wide range of people with disabilities, in that it can overcome or remove barriers and problems relating to health conditions, safety, fatigue and stress, the need for personal assistance, inaccessible transportation or architectural barriers".

## **2.4 NEW MODEL FOR GOVERNANCE**

### **2.4.1 Role of Legislation**

According to James (1998) the Social Chapter assumes that regulation should be harmonised at the level of the most regulated. This view was accepted by most member states at Maastricht 1992, the exception being the UK. More recently there has been a greater emphasis on labour market reforms in other EU countries as a way of dealing with the seemingly intractable unemployment problem. Looking to the lower unemployment levels of the USA since the early 1980s and the UK in the mid-1990s and their more deregulated labour markets, a number of countries have taken steps aimed at increasing the flexibility of their own labour markets (op.cit.). Furthermore, as suggested by Sisson (1999) the more countries that have joined the EU, the more difficult it has become to have a set of standards compulsory arrangements of the 'Roman-Germanic' model, covering the original six members of the European Economic Community, in which the statutory regulation of individual and collective employment relations plays the primary role.

As stated by the Commission (1997):

"The concepts of work-place, firm, factory and, in particular, the notion of employer are undergoing a process of diversification, leading to an erosion of traditional employment relationships. Downsizing, outsourcing, subcontracting, teleworking, net-working and joint ventures bring new dimensions to the world of work for which traditional labour law provisions do not appear to have adequate answers"

Furthermore (op.cit.):

"In this context, the likely development of labour law and industrial relations from rigid and compulsory systems of statutory regulations to more open and flexible legal frameworks may pave the way for a new balance of regulatory powers between the State and the social partners, in particular in the areas connected with the internal management of firms. Within this framework the relationship between employers and employees becomes a key factor as firms move from traditional methods of organisation to more flexible internal arrangements."



## **2.4.2 Open Method of Co-ordination**

In March 2000 the European Council stresses in its conclusions that the implementation of the strategic goal, to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion, will be facilitated by applying a new open method of co-ordination as the means of spreading best practice and achieving greater convergence towards the main EU goals (European Council 2000a). The European Council advocates a 'fully decentralised approach' to implementing these targets, actively involving the EU, the member states, regional and local bodies the social partners and civil society and using various forms of partnership (op.cit.). The European Commission networking with different providers and users, namely the social partners, companies and NGOs will devise a method of benchmarking best practices on managing change (European Council 2000a, CEC 2000c).

The European Council (2000a) stresses that achieving the new strategic goal will rely primarily on the private sector, as well as on public-private partnership. It will depend on mobilising the resources available on the markets, as well as on efforts by the member states. The Union role is to act as a catalyst in this process, by establishing an effective framework for mobilising all available resources (op.cit., see also CEC 2000c, Diamantopolou 2000b).

## **2.5 EMERGENCE OF CORPORATE SOCIAL RESPONSIBILITY AT THE EUROPEAN LEVEL**

### **2.5.1 European Businesses against Social Exclusion**

In January 1995, Jacques Delors, president of the Commission, Commissioner for Employment and Social affairs Pádraig Flynn and 20 top managers met in Brussels to launch a 'European Declaration of Businesses Against Social Exclusion' (Wendon 1998). Signatories agreed to pay particular attention to their social responsibility policies in five areas of which the following are directly related to HRM policies of the companies:

- promoting integration on the labour market (recruitment and assignment of new staff),
- avoiding exclusion within the business and minimising redundancies or providing for appropriate measures where they are inevitable (European Declaration of Businesses against Social Exclusion 1995).

As regards recruitment or assignment of new staff, the signatory business recommendation and practical illustrations are presented in Table 2.3.

**Table 2.3 Recommendations and Practical Illustrations Concerning Promoting Integration on the Labour Market**

<p>Recommendations:</p> <ul style="list-style-type: none"> <li>• Allocate time and resources as necessary to provide special assistance to new recruits and allow them to learn and adapt, a prerequisite if they are to be effectively integrated in the business.</li> <li>• Make the greatest possible use of the structures and support provided by the public authorities and also by organisations of all kinds to facilitate the recruitment of people experiencing difficulties on the labour market.</li> <li>• Draw up employment contracts which take account both of the company's interests and of those low-skilled workers.</li> <li>• Apply practices which do not discriminate against people experiencing difficulties on the labour market and in particular reject any prejudice against job seekers who have been unemployed for some time.</li> </ul> <p>Practical illustrations:</p> <ul style="list-style-type: none"> <li>• Promote equal opportunities in matters of recruitment and assignment. Apply the same criteria to all applicants and in particular reject any prejudice against job seekers unemployed for a long time and against other persons experiencing difficulties on the labour market (young people, the low-skilled, disabled people, for example). Avoid systematic recruitment of overqualified persons which penalises the less-skilled.</li> <li>• Introduce apprenticeship and training procedures to help integrate the less skilled. Ensure that such training is offered in particular to low paid new recruits. Set aside the time and resources required for the supervision, training and adaptation of new recruits.</li> <li>• Be familiar with and use various procedures and support made available by the public authorities to promote the integration of persons in difficulty.</li> <li>• Specify in employment contracts the relation between the work performed and the pay, to ensure in particular equal treatment of persons who perform or wish to perform a part-time job or activity in order to reconcile working life and family life more successfully. This helps indirectly to extend the concept of work and recognise the value of unwaged activities (tasks connected with family needs, health care, voluntary work, etc.).</li> </ul>
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As regards avoiding exclusion within the business and minimising redundancies or providing for appropriate measures where they are inevitable the recommendations and practical illustrations are presented in Table 2.4 (op.cit.).

**Table 2.4 Recommendations and Practical Illustrations Concerning Avoiding Exclusion within Business and Minimising Redundancies**

<p>Recommendations</p> <ul style="list-style-type: none"> <li>• Organise work and manage human resources in such a way as to make better use of workers' potential and upgrade their skills.</li> <li>• Ensure co-operation from the staff and their representatives so as to exploit their potential, their creativeness and their motivation; this will help to improve productivity.</li> <li>• Plan staff training in good time.</li> <li>• Organise more flexible working time with a view to improved economic management and smoother links between working life, training, family life, voluntary work, etc..</li> <li>• Regard dismissal as the ultimate solution by making sure that it is unavoidable and taking all its repercussions into account. Dismissal imposes a burden on the Company and redundancy allowances should be used above all to aid in seeking new work.</li> </ul> <p>Practical illustrations</p> <ul style="list-style-type: none"> <li>• Involve employees themselves in the efforts aimed at preserving a business or restoring its economic viability. Develop qualifications through short, medium and long-term functions and also the modern forms of work organisation such as multiple skills, teamwork and so on. Increase autonomy for individuals within the businesses to encourage responsibility and motivate employees: this can also improve productivity and profitability.</li> <li>• Give consideration to ways in which flexitime could improve productivity, reduce costs, and minimise redundancies. Look at patterns of work-sharing where this could be practicable and economically justified.</li> <li>• Adopt flexible, gradual measures in preference to brusque action having adverse repercussions on staff and the company. Where savings have to be made, for example, consider firstly, in preference to staff cutbacks, measures such as limits on overtime, reducing absenteeism, renegotiations of benefits in kind, staff training, etc. As a last resort, where redundancies may be envisaged, consider all possible temporary or longer-term agreements on working time and pay. Contact in good time all counselling and outplacement resources and services, both public and private, to provide further employment opportunities for persons concerned.</li> </ul>
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The European Business Network for Social Cohesion has since been established in Brussels to support the declaration. The EBNSC is supported by the European Commission (Donnelly quoted in EBNSC 2000b). The new body will (Wendon 1998, see also EBNSC, 2000c, CSR Europe 2003):

- identify and promote good practice and the exchange of ideas,
- facilitate the development of partnership between businesses, the voluntary sector and public sector,
- create concrete projects.

### **2.5.2 Managing the Change and CSR**

Whereas the European Declaration of Businesses against Social Exclusion can be regarded more like a one man's initiative (pers.comm. Bahl-Poulsen 2000) the setting up a High Level Group for Managing the Change can be seen as a starting point for a more consistent approach as regards CSR at the Community level (op.cit., Donnelly 2000b). The High Level Group was set as a response to a crisis in Belgium in 1997, following Renault announcement of the closure of its factory in Vilvorde (Donnelly 2000a and 2000b).

High Level Group (1998a) stressed the requirement that the private sector take responsibility for developing and adopting best practice. According to the group, the guiding principle for companies is to be competitive and profitable while living up to their social responsibilities. The Group goes on to suggest that "the best means of spreading good social practice in businesses to encourage companies to report publicly on their practices and policies in a structured manner is a "Managing change report" i.e. an annual report on employment and working conditions" (CEC 1998a). According to the group all companies with more than 1,000 employees should produce a management of change report (MCR) in consultation with employees and their representatives (op.cit.).

**Table 2.5 Proposed Framework for the Managing Change Report (MCR)**

<b>A. Policies</b>	
1. Dealing with structural change	<ul style="list-style-type: none"> <li>• policies and procedures</li> </ul>
2. Communication and involvement /Social dialogue	<ul style="list-style-type: none"> <li>• at different levels</li> <li>• including collective and individual arrangements</li> </ul>
3. Education and training	<ul style="list-style-type: none"> <li>• overall policies and commitments</li> </ul>
4. Employee health & safety	<ul style="list-style-type: none"> <li>• at different levels in the organisation</li> </ul>
5. Equal opportunities	<ul style="list-style-type: none"> <li>• including race, sex, disability</li> </ul>
<b>B. Practices</b>	
1. Communication and involvement 2. Training, re-training and education 3. Health & Safety 4. Stuctural change	Identify specific systems, practices and arrangements which are in place under each of the policy areas, giving more detail on those seen as most critical, effective and/or innovative. For example, identify what is being done to adapt work organisation and rhythm of work to the opportunities offered by the new information technologies.
<b>C. Performance</b>	
1. Performance systems	<ul style="list-style-type: none"> <li>• Monitoring performance under each policy, data on education systems, review or audit mechanism</li> </ul>
2. Performance in the year	<ul style="list-style-type: none"> <li>• Range of measurement</li> <li>• Indication of initiatives implemented</li> </ul>

(Source: CEC 1998a).

### 2.5.3 Modernisation of EU Social Model and CSR

At the ‘European Day – Business & Government Joining Forces for Employment and Social Cohesion’ organised in September 1999 by the EBNSC, the TCC and the Commission, the forthcoming Portuguese Presidency invited business leaders to make an input to the European Summit on Employment, Economic Reform and Social Cohesion to be held in Lisbon in March 2000 (EBNSC 1999, EBNSC 2000a). As stated by Commissioner Diamantopoulou (1999):

“The commitment of companies to prosper in ways that stimulate job growth and social cohesion confirms the relevance of our European model of development. I consider corporate social responsibility to be a key part of our social model. It is one that we have to develop further.”

Business leaders launch a brochure containing 12 proposals for further actions (EBNSC and Copenhagen Centre 2000). These proposals include encouraging the companies to assess the impact and business benefits of their social performance and to undertake voluntary reporting, integrating into National Employment Action Plans examples from business of best practice and partnership activity, developing public policy so as to encourage and favour partnerships though a balance of regulatory frameworks, voluntary approaches and market incentives (op.cit.).

At the European Council Summit in Lisbon in March 2000 (European Council 2000a), the Union set itself a new strategic goal for the next decade: to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic

growth with more and better jobs and greater social cohesion. Underlining the important contribution of the private sector in achieving this, the European Council for the first time addressed business directly in a special appeal to companies' corporate sense of social responsibility regarding best practices on

- lifelong learning,
- work organisation,
- equal opportunities,
- social inclusion,
- sustainable development.

Later on, answering to the special appeal of the European Council to Corporations and their social responsibility CEOs of the EBNSC (currently the CSR Europe), and the Copenhagen Centre member companies confirmed the Portuguese presidency and the president of the Commission that they will take the leadership of a European Campaign (2000-2005) aimed at mobilising over a half million business people and partners to (EBNSC 2000a):

- share and benchmark business best practices on CSR,
- extend tools for measuring, monitoring and voluntary reporting on business social performance,
- foster innovative private-business partnerships.

The European Council in Feira in June (2000b) reiterated the appeal and noted with satisfaction the ongoing follow-up to this and welcomed the initiation of a process to establish a network for a European Dialogue on encouraging companies' corporate sense of social responsibility.

The Commission's European Social Agenda (CEC 2000c) emphasised the role of CSR in addressing the employment and social consequences of economic and market integration and in adapting working conditions to the new economy. In addition, the European summit in Nice (European Council 2000c) invited the Commission to involve companies in a partnership with the social partners, NGOs, local authorities and bodies that manage social services, so as to strengthen their social responsibility.

Finally, on the basis of the European Council appeal (2000a) the European campaign was inaugurated in the presence of 4,000 business executives, government and EU officials at the first European Business Convention on Corporate Social Responsibility in November 2000 (EBNSC 2000a). The European Council in Stockholm (2001a) welcomed the initiatives taken by businesses to promote CSR and made reference to the forthcoming Green Paper as a means to encourage a wide exchange of ideas in order to promote further initiatives in this area.

## **2.6 PRODUCTS AND TOOLS FOR MEASURING CORPORATE SOCIAL PERFORMANCE**

### **2.6.1 CSR Europe Resource Centre**

The EBNSC's first European Plenary Event on the 27th October 1998 was used to launch the EBNSC Resource Centre (now the CSR Europe Databank, CSR Europe 2001c) – in the presence of president of the Commission Jacques Santer (see Santer 1998) - the first database on CSR in Europe (CSR Europe 2001d). In its analysis of the relevance of the case studies to the four pillars of the European employment guidelines, the CSR Europe (2001a) produced the examples presented in the Table 2.6, by using the CSR Europe Databank (see also Marsden and Mohan 1999). The pillar 'Entrepreneurship' is excluded from Table, since it did not include parameters related to HRM.

**Table 2.6 CSR Europe Case Studies to the Four Pillars of the Employment Guidelines**

<p><b>Employability</b></p> <ul style="list-style-type: none"><li>• Upgrading the skills of employees to help them adjust to changes within the company or find other jobs after restructuring. (e.g. Telia, Thyssen)</li><li>• Offering vocational training opportunities to unemployed people by partnering with training organisations and/or offering work placement opportunities within the company. Some trainees are recruited by the company, the others become more “employable” for other employers. (e.g. Accor, Johnson &amp; Johnson, L’Oréal, Philips)</li><li>• Teaming up with employment agencies to provide with unemployed people career advice, personalised guidance, skills training and practical experience within the company. (e.g. BT, Cadbury Schweppes, Diageo, RWE).</li><li>• Partnering with schools to provide mentoring, opportunities for apprenticeship and innovative technologies to support teaching and learning. (e.g. Glaverbel, IBM, Netlog).</li></ul> <p><b>Adaptability</b></p> <ul style="list-style-type: none"><li>• Introducing flexible working time arrangements such as reduction of working hours, career breaks, job sharing, part-time work, temporary work and time-off for family care or other responsibilities. These schemes give employees more control over their working time while also ensuring better business adaptability to changing market demands. (e.g. Barclays, Volkswagen, Bayer)</li><li>• Employing a wide range of organisational structures, which emphasise employee autonomy, self-management, job rotation and output based systems of performance management. Empowering employees brings out their creativity and sense of personal responsibility and accountability. (e.g. Bord Na Móna, Bus Denmark, Lavold Groep)</li><li>• Providing personal assistance to employees by offering services such as psychological counselling, administrative and legal advice, healthy living programmes, and neighbourhood convenience services on site. (e.g. Bull, Delhaize, Safematic)</li><li>• Raising qualifications of employees through continuous training, retraining, multi-skilling and encouraging educational achievement. (e.g. Falck, Générale de Banque, Portugal Telecom)</li></ul> <p><b>Equal opportunities</b></p> <ul style="list-style-type: none"><li>• Promoting diversity in company workforce by focusing on recruitment, training, professional development and advancement. Some companies also provide diversity training to their entire staff so as to ensure the better integration and collaboration among different groups and individuals. (e.g. Fanco, Levi’s, Shell, VW)</li><li>• Developing family-friendly policies such as flexible time, paid parental leave, free or subsidised child-care facilities, home-care for sick children, and teleworking for expectant and new mothers. (e.g. Danone, Electolux Zanussi)</li><li>• Making special arrangements to integrate disabled people in the workforce either through special facilities, teleworking or opportunities to work in areas not associated with their disability. (e.g. Italtel, Randstad)</li><li>• Using telematics to train disadvantaged groups, particularly ethnic minorities and immigrants and help them find jobs related to the information society (e.g. BT)</li></ul> <p>Source CSR Europe 2001a</p>
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### **2.6.2 The European Employment Guidelines and Assessment of Companies**

The CSR Europe (earlier the EBNSC) launched a European pilot project to assess companies performance on Social Cohesion (CSR Europe 2000d). Given the policy relevance of the European Employment Guidelines (Council Decision 2001/63/EC, see Appendix C) and the need to identify common criteria applicable in all European countries, CSR Europe used these guidelines in assessing companies CSR strategies. While directly targeted to Governments and public authorities, the European Employment guidelines indirectly influence business activity as well. The actions which can be taken by business are illustrated in the Table 2.7.

### **Table 2.7 Actions, which Can be Taken by Business to Promote European Employment Guidelines**

- Actively promote the recruitment of young or long term unemployed people
  - Adopt and implement equal opportunity policies
  - Upgrade employees' skills by developing training courses at all levels of the organisation
  - Support the growth of new small enterprises
  - Agree on flexible, more family friendly working arrangements
  - Manage redundancies in a more socially oriented manner
- (Source: CSR Europe 2000d)

The report stresses that Social Cohesion should not be confused with Corporate Social Responsibility. It further describes Social Cohesion, when presented in the context of companies role in the society, as a quite a narrow concept, including issues like employee care, job creation and local development, whereas CSR captures a wider range of corporate policies and programmes undertaken with regard to employees, local communities, suppliers, clients, shareholders, government, the environment and future generations.

Table 2.8 shows the selected set of indicators for the four domains of the European employment guidelines. Apart from indicators presented in Table 2.8 other suggested elements, related to employees, are remuneration of executives and non-executives, financial and non-financial participation of employees in company results and industrial relations (CSR Europe 2000d).



**Table 2.8 Indicators Constructed on the Basis of European Employment Guidelines**

<b>Employability</b>	
<i>Quantitative indicators</i>	<i>Quantitative indicators</i>
<ul style="list-style-type: none"> <li>• Growth of employment (% increase or decrease)</li> <li>• Number of recently hired employees</li> <li>• Number of apprentices</li> </ul>	<ul style="list-style-type: none"> <li>• Agreements/partnership with authorities (employment agencies) or trade unions on the hiring of (long-term) unemployed persons</li> <li>• Support for training initiatives (social economy projects)</li> <li>• Offering temporary employment to (long-term) unemployed</li> <li>• Creation of employment for low-skilled workers (e.g. cleaning, catering, maintenance)</li> </ul>
<b>Entrepreneurship</b>	
<i>Quantitative indicators</i>	<i>Quantitative indicators</i>
<ul style="list-style-type: none"> <li>• Employees are financially supported to start their own business</li> <li>• Support to external employment initiatives (social economy, partnership with other companies, authorities, trade unions)</li> <li>• Professional support to redundant employees (outplacement, creation of employment cells), employment agreements with other companies</li> </ul>	
<b>Adaptability</b>	
<i>Quantitative indicators</i>	<i>Quantitative indicators</i>
<ul style="list-style-type: none"> <li>• Training and education budget as a % of total labour costs</li> <li>• Training days per employee</li> <li>• % of employees participating in training initiatives</li> <li>• Number of internal promotions, rotations</li> <li>• Evolution of average labour time</li> </ul>	<ul style="list-style-type: none"> <li>• All employees have the opportunity to participate in training initiatives</li> <li>• The company offers training on three levels; functional needs of the organisation, future oriented training, broadening the skills of the employees</li> <li>• Pro-active measures to avoid dismissals/redundancies; job sharing, internal transfers, labour time reduction, flexibility, part time working, early retirement...</li> <li>• Collective agreements with trade unions, social pacts with authorities on employment issues</li> <li>• A policy of individual career plans, evaluation reviews, delegation of responsibility</li> <li>• Participation of employees in organising flexibility (balance between organisational needs and employees expectations).</li> </ul>
<b>Equal Opportunities</b>	
<i>Quantitative indicators</i>	<i>Quantitative indicators</i>
<ul style="list-style-type: none"> <li>• Women as a % of total employment</li> <li>• Disabled persons as a % of total employment</li> <li>• % of women on executive /management level</li> <li>• % of disabled on executive/management level</li> <li>• Women as a % of newly hired employees</li> <li>• Disabled as a % of newly hired employees</li> </ul>	<ul style="list-style-type: none"> <li>• Formal policy of non-discrimination</li> <li>• Policy of affirmative action: parental leave, language courses for ethnic minorities, facilities for disable people.</li> <li>• Age-conscious personnel management instead of early retirement</li> <li>• Same advantages/career opportunities (pro rata) for part time workers</li> <li>• Opportunity for career breaks</li> </ul>

Source: CSR Europe 2000d

### 2.6.3 Tools for Communicating CSR

In 1998, the European Commission president Jacques Santer challenged the businesses "to assert and to demonstrate in practical terms that economic performance and social responsibility can go hand in hand" (Santer 1998). The Commission also invited CSR Europe's business leaders to help and stimulate more companies to communicate about how they integrate CSR into their management practices (op.cit.). To address the invitation

business leaders launched the 'CSR Communication and Reporting Programme' (CSR Europe 2000e and 2001b).

In the framework of this programme, CSR Europe developed the 'CSR Matrix on Communicating and Reporting'. The Matrix (CSR Europe 2000b and 2000e) provides a range of topics including including the following:

- Mission, values and vision
- Workplace climate focusing on four areas; working environment, pay & benefits, equal opportunities, employability issues.
- Social dialogue focusing on industrial relation and management of change (industrial restructuring, downsizing, redundancies)

As the first initiative in the framework of the 2005 campaign 'For sustainable Growth and Human Progress' launched by the CSR Europe, 'Voluntary Guidelines for Action on CSR Communication and Reporting' were released. The chairman of the CSR Europe, Etienne Davignon and DG for Employment and Social Affairs Commissioner Anne Diamantopolou welcomed these as "a major step" towards the need to identify coherent performance indicators that can assess a company's impact and can be used to benchmark it against its peers (Davignon and Diamantopolou 2000). The process indicators most reported by companies on several CSR issues are listed in Table 2.9:

**Table 2.9 Process Indicators for CSR Suggested by the CSR Europe**

<ul style="list-style-type: none"><li>• Top-level commitment</li><li>• Development and review of policy, strategy and action plan</li><li>• Allocation of responsibilities and resources</li><li>• Target setting and development of a system to measure progress (including, where appropriate, external verification)</li><li>• Existence of and progress on management systems</li><li>• Consultation with and feedback from stakeholders</li><li>• Reward of excellence</li></ul> <p>(Source: CSR Europe 2000c)</p>
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The performance indicators suggested by CSR Europe (2000c) are listed in Table 2.10.

**Table 2.10 Performance Indicators for CSR Suggested by the CSR Europe**

Working conditions /health and safety / pay & benefits	Equal opportunities in the workplace	Training & professional development	Industrial relations
<ul style="list-style-type: none"> <li>• Occupational diseases and injuries (% of employees)</li> <li>• Rate of absence/lost days</li> <li>• Health and safety expenditure, number of employees attending HS training</li> <li>• Staff turnover and employee retention rate</li> <li>• Spread of wages</li> </ul>	<ul style="list-style-type: none"> <li>• Workplace breakdown by gender/ethnic background/disability/age</li> <li>• Workforce breakdown by function, full/part time, temporary work</li> <li>• Ratio of women/ethnic background in managerial positions</li> </ul>	<ul style="list-style-type: none"> <li>• Ration of training expenditures to total operating costs</li> <li>• Number of employees attending training courses as % of total number of employees</li> <li>• Number of training hours per employee</li> </ul>	<ul style="list-style-type: none"> <li>• Ratio of recognised trade unions to existing trade unions</li> <li>• Number of redundancies by type and location (specific site)</li> <li>• Number of days lost to industrial action</li> </ul>

Source: CSR Europe 2000c

Another initiative launched in the First European Business Convention and discussed in the workshop on ‘Transparency, Accountability and Reporting’ was guidelines prepared by the UK-based Business Impact Task Force (2000a and 2000b). According to the CSR Europe the Business Impact Task Force indicators bear a close alignment with those most commonly used in the CSR-Matrix (CSR Europe 2000b).

The Business Impact Task Force (2000a and 2000b) has paid particular attention to process steps, and suggests explicit process indicators for each CSR area besides capturing some of the more specific measures emerging for CSR issue areas. The process steps are divided into three levels, reflecting the Task Force’s concern with providing useful guidance for companies of all sizes and at all stages of development

- Level 1 steps are suggested for smaller companies and for those just beginning to implement CSR activities
- Level 2 for companies at a more advanced stage
- Level 3 for companies working at the leading edge

**Table 2.11 Process Steps Suggested by the Business Impact Task Force**

1 Companies just beginning to measure progress	2 Companies wishing to move beyond a basic commitment	3 Companies aiming at further improvement of their performance
<ul style="list-style-type: none"> <li>• Review the company's employment policies for:</li> <li>• legislation</li> <li>• workplace diversity</li> <li>• work/life balance</li> <li>• health and safety</li> <li>• training and staff development</li> <li>• Appoint senior manager to take responsibility for driving programme forward in this area</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure the company's core value statement and /or codes of practice include non-discrimination in staff recruitment, development and promotion on the basis of race , gender, age, religion etc, including codes of practice on:</li> <li>• harassment and bullying</li> <li>• a fair complaints system</li> <li>• practices to promote healthy work/life balance</li> <li>• rights to free assembly and collective bargaining</li> <li>• Priorities and objectives for progress, including training and development, equal opportunities and work/life balance</li> <li>• Support programmes for employees, covering pension schemes as well as special areas such as bereavement, divorce or drug and alcohol abuse</li> </ul>	<ul style="list-style-type: none"> <li>• Use professional benchmarking or diagnostic tools to evaluate company performance on diversity and commit to continuous improvement</li> <li>• Seek external validation for company practices through standards such as IIP and through awards</li> <li>• Measure and report on the outcomes of the company impact in the workplace – including employee perception measures</li> <li>• Implement proper employee protection / development programmes in the event of mergers or restructuring, resulting in downsizing</li> <li>• Engage in effective two-way consultation with staff</li> <li>• Share best practice with others and act as a leader and an advocate for business engagement in this area</li> </ul>

Source: Business Impact Task Force 2000a

The Business Impact Task Force (2000a and 2000b) also suggested performance indicators for each CSR issue. These are divided in three levels and there is a strong overall compatibility with the CSR Europe survey findings (see Business Impact Task Force 2000a, CSR Europe 2000b). The areas where CSR Europe sees possibility of improvement compared to its own findings are highlighted (CSR Europe 2000b).

**Table 2.12 Performance Indicators Suggested by the Business Impact Task Force**

1 Companies just beginning to measure progress	2 Companies wishing to move beyond a basic commitment	3 Companies aiming at further improvement of their performance
<ul style="list-style-type: none"> <li>• Workforce profile, (race, gender, disability, age, etc)</li> <li>• Staff absenteeism</li> <li>• Number of legal non-compliances on Health and Safety, Equal opportunities and other legislation</li> <li>• Number of staff grievances</li> <li>• Upheld cases of corrupt or unprofessional behaviour</li> </ul>	<ul style="list-style-type: none"> <li>• Staff turnover</li> <li>• Value of training and development provided to staff</li> <li>• Pay and conditions compared against local equivalent averages</li> <li>• Workforce profile compared to the community profile for travel to work area</li> </ul>	<ul style="list-style-type: none"> <li>• Impact evaluations of the effects of downsizing, re-skilling etc</li> <li>• Perception measures of the company (e.g.) equal opportunities, work/life balance</li> </ul>

Source: Business Impact Task Force 2000a

An additional initiative discussed in the workshop was the Global Reporting Initiative (GRI 2001) (see Appendix D).

## **2.7 FURTHER DEVELOPMENTS: GREEN PAPER AND CONSULTATION PROCESS**

In May 2001 the Commission published its communication for a European Strategy for Sustainable Development (CEC 2001a). The strategy's basic message is that long-term economic growth, social cohesion and environmental protection must go hand in hand. The communication emphasised the importance of CSR and invited all public quoted companies with at least 500 staff to publish a 'triple bottom line' in their annual reports to shareholders that measures their performance against economic, environmental and social criteria.

The Commission published its Green Paper on CSR in July 2001, related to this framework as well as to the Lisbon's European Council special appeal for CSR (European Council 2000a), the European Social Policy Agenda (CEC 2000c) and Commission White Paper on governance in the European Union (CEC 2001d). According to the Green Paper (2001b) the European Union is concerned with CSR as it can be a positive contribution to the strategic goal decided in Lisbon "to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion".

Furthermore, the Green Paper (2001b) emphasises that CSR is relevant in all type of companies:

"Whilst so far corporate social responsibility is mainly promoted by a number of large or multinational companies, it is relevant in all types of companies and in all sectors of activity, from SMEs to multinational enterprises (MNEs)".

According to the Commission CSR should not be seen as a substitute to regulation or legislation or concerning social rights or environmental standards, including the development of new appropriate legislation (CEC 2001b). In countries where such regulations do not exist, efforts should focus on putting the proper regulatory or legislative framework in place in order to define a level playing field on the basis of which socially responsible practices can be developed (op.cit.).

### **2.7.1 Definition of the CSR in Human Resource Management Field**

According to the Green Paper (CEC 2001b) socially responsible HRM, involves a commitment to aspects such as lifelong learning, empowerment of employees, better information throughout the company, better balance between work, family and leisure, health and safety, greater workforce diversity, equal pay and career prospects for women,

profit-sharing and share ownership schemes and concern for employability as well as job security. Furthermore in words of the Green Paper:

"Responsible recruitment practices, involving in particular non-discriminatory practices, could facilitate the recruitment of people from ethnic minorities, older workers, women and the long-term unemployed and people at disadvantage. Such practices are essential in relation to achieving the European employment strategy objectives of reducing unemployment, raising the employment rate, and fighting against social exclusion."

According to the Commission, in relation to life-long learning, businesses have a key role to play at several levels, e.g. by supporting the transition from school to work for young people, for example by providing apprenticeship places; valuing learning, and providing an environment which encourages lifelong learning by all employees, particularly by the less educated, the less skilled and older workers (op.cit.).

The Green Paper devotes a chapter to restructuring and large-scale redundancies. The Commission argues that:

"Restructuring in a socially responsible manner means to balance and take into consideration the interests and concerns of all those who are affected by changes and decisions. In practice, the process is often as important as the substance to the success of restructuring. In particular, this involves seeking the participation and involvement of those affected through open information and consultation. Furthermore, restructuring needs to be well prepared by identifying major risks, calculating all the costs, both direct and indirect, associated with alternative strategies and policies, an evaluating all of the alternatives which would reduce the need for redundancies."

### **2.7.2 A European Action Framework**

According to the Commission, the consultation process of the Green Paper supported Community action in the field of CSR (CEC 2002a). The Commission received more than 250 responses to the Green Paper (see CEC 2003). In its communication on CSR (2002a) the Commission states that CSR might be a useful instrument in furthering Community policy. The other reason for community action is the proliferation of different CSR instruments that are difficult to compare, confusing to business, consumers, investors other stakeholders and the public and this, in turn could be a source of market distortion. Therefore, there is a role for Community action to facilitate convergence in the instruments used in the light of the need to ensure a proper functioning of the internal market and the preservation of a level playing field. The areas which the Commission has defined as its focus areas as follows (op.cit.):

1. Increasing knowledge about the positive impact of CSR on business and societies in Europe and abroad, in particular in developing countries.
2. Development of exchange of experience and good practice on CSR between enterprises
3. Promoting the development of CSR management skills
4. Fostering CSR among SMEs
5. Facilitating convergence and transparency of CSR practices and tools
6. Launching a Multi-Stakeholder forum on CSR at EU-level
7. Integrating CSR into Community policy

#### **2.7.2.1 Increasing Knowledge about the Positive Impact of CSR on Business and Societies**

As further specified by the Commission (CEC 2002a) increasing knowledge about the positive impact of CSR on business and societies will involve:

- Strengthening research on how and under which circumstances enterprises adopting CSR can contribute to the objective of enhanced competitiveness and to promote sustainable development.
- Supporting activities promoted by businesses, social partners, education and training institutions and other stakeholders, aiming at raising awareness and improving knowledge about CSR.
- Analysis and dissemination of information about CSR practices and their results for companies and for host countries.

#### **2.7.2.2 Development of Exchange of Experience and Good Practice**

Promoting activities related to development of exchange of experience and good practice on CSR between enterprises will involve (op.cit.):

- Proposal for a peer review of the CSR practices in the Member States, assessing the performance and the value added of regulatory frameworks and monitoring schemes.
- High-Level Social Representatives from the Member states which meet on a regular basis.

#### **2.7.2.3 Promoting the Development of CSR Management Skills**

The Commission (2002a) stresses the importance of education and training of managers, employees and other actors to promote CSR. The Community activities in this field will involve:

- Use of the European Social Fund to promote CSR in management training and for other employees, as well as to develop teaching material and courses in educational institutions.

#### **2.7.2.4 Fostering CSR among SMEs**

According to the Commission (2002a) the CSR concept was developed mainly by and for large multinational enterprises. In line with the Commission's 'Think Small First' strategy, the CSR concept, practices and instruments should be adapted to suit the specific situation of SMEs which make up the vast majority of European enterprises. The suggested activities by the Community in this field involve:

- Foster the exchange and dissemination of good practices e.g. through publications, on-line collection of good practices, etc.
- Bring the attention of SME associations and business support organisations to CSR issues.
- Facilitate co-operation between large companies and SMEs to manage their social and environmental responsibility (e.g. supply chain management, mentoring schemes, etc.).
- Raise awareness among SMEs with regard to the impact of their activities on developing countries and promote SMEs proactive policies.

#### **2.7.2.5 Facilitating Convergence and Transparency of CSR Practices and Tools**

As stated by the Commission (2002a) as expectations for CSR become more defined, there is a need for certain convergence of concepts, instruments, practices, which would increase transparency without stifling innovation, and would offer benefits to all parties.

Facilitating convergence and transparency of CSR practices and tools will involve

- Invitation to the CSR EMS Forum (see CSR EMS Forum 2002) to consider the effectiveness and credibility of existing codes of conducts and how convergence can be promoted at European level.
- Promote the uptake of EMAS (see European Parliament and Council Regulation, 761/2001) as a CSR instrument and explore the opportunity to apply the EMAS approach to address the social performance of companies and other organisations.
- Invitation for all publicly-quoted companies with at least 500 staff to publish a 'triple-bottom line' in their annual reports to shareholders that measures their performance against economic, environmental and social criteria.



- Invitation for the CSR EMS forum to develop commonly agreed guidelines and criteria for measurement, reporting and assurance by mid-2004.
- Commitment to examining existing private labelling schemes, such as organic labelling, fair trade and CSR measures, to assess their effectiveness and the need for further measures in achieving the objectives of transparency and information for consumers.
- Invitation for occupational pension schemes and retail investment funds to disclose whether and how they take into account of social, environmental and ethical factors in their investment decisions.
- Encouragement for initiatives aiming at monitoring and benchmarking practices of pension funds and investment funds with regard to and in support of CSR, invitation for CSR EMS forum to consider whether a common EU approach can be established.

#### **2.7.2.6 Multi-Stakeholder Forum on CSR at EU –level**

As stated by the Commission the EU success in promoting CSR ultimately depends on widespread ‘ownership’ of the principles of CSR by businesses, social partners, civil society, including consumer organisations and public authorities, including from third countries, which should be based on comprehensive partnership with representatives of society at large. The Commission therefore proposes to set up a EU Multi-Stakeholder Forum on CSR (CSR EMS Forum) with the aim of promoting transparency and convergence of CSR practices and instruments, through:

Launching a Multi-Stakeholder forum on CSR at EU –level which shall

- exchange of experience and good practice,
- bring together the existing initiatives within the EU and seeking to establish a common EU approach and guiding principles, including a basis for dialogue in international for a and with third countries,
- identify and explore areas where additional action is needed at the European level.

#### **2.7.2.7 Integrating CSR into Community Policy**

According to the Commission, CSR practices can contribute to the objectives of EU policies, in particular, sustainable development, by supplementing existing policy tools such as trade and development agreements. The Commission shall:

- further promote the integration of CSR principles into EU policies,

- publish a report on CSR in 2004, on the work of the CSR EMS Forum and the results reached by then as well as integration of CSR in all EU policies,
- set up an interservice group on CSR within the Commission in order to share information and achieve consistency between the actions of the Commission in the field of CSR.

As further stated by the Commission, employment and social policy shall integrate the principles of CSR, in particular through the European Employment Strategy, an initiative on socially responsible restructuring, the European social inclusion strategy, initiatives to promote equality and diversity in the workplace, the EU disability strategy and health and safety strategy.

CHAPTER 3  
CSR AND HUMAN  
RESOURCE  
MANAGEMENT IN  
FINLAND

### 3.1 INTRODUCTION

CSR as a term is relatively new in Finland (Koponen 1999, Panapaan et al. 2001) and definitions for the term are still under development. Owing to the fact that CSR is often referred to as operations beyond legal compliance (CEC 2001b, section 1.2. Chapter 1) it should be noted that the Finnish labour relations system is regulative and managerial discretion strongly limited compared with regulatory systems in many other countries (Vanhala 1995). This, in particular, if compared to the UK system of voluntarism (see for example Sisson 1999).

Vanhala (1995), however, argues that even if the legislation and collective agreement system limit the scope of voluntary action management has enjoyed a wide degree of independence in company internal decisions related to transfers, promotions, content of work, etc. According to Vanhala (op.cit.), the Act on Equal Opportunities between Genders (1986/609), for example, has not had major effects on managers' behaviour. This, because it is extremely difficult to show that a slow career advancement dates back to discrimination.

Finnish companies and working life underwent rapid technological and economic structural changes in the 1990s (Vanhala 1995, Ojala 2000). As a consequence, traditional employment relationships have been increasingly replaced by part-time and/or short-term contracts (European Parliament 1996, Vänskä et al. 1999), and the need for flexibility is emphasised in work arrangements, working hours, wages and salaries as well as in hiring and firing (Freyssinet 1998, Strömmer 1999, Hietanen 2000).

This chapter introduces the development of CSR as well as the general labour market context for HRM in Finland. It explores the framework of corporatist tripartite bargaining system and the legislative framework in which Finnish companies operate. Furthermore, voluntary incentives, such as government programmes, guidelines and awards are interrogated. The chapter ends by presenting the recent trends in HRM.

The country presentation of Finland, including basic details of the population, economic, political and education system is attached to the thesis (see Appendix E).

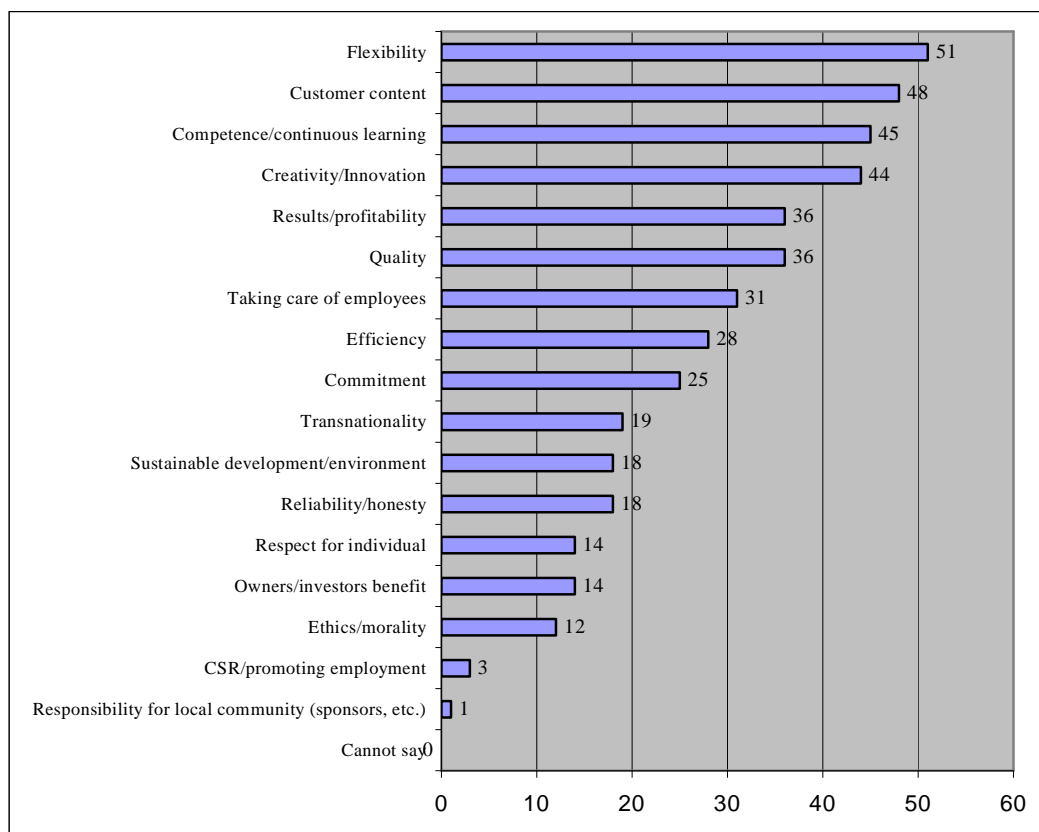
## 3.2 CSR IN FINLAND

### 3.2.1 History and Development of CSR

In Finland, social responsibility was a corporate issue forty or fifty years ago (see Panapaan et al. 2001). However, with the growth of Finnish society this role was transferred to the government, which have ever since played the leading role as the provider of social services and benefits (op.cit., see also Koponen 1999 and Peltola 2002).

In 1999 Aaltonen and Junkkari argued that for some reason Finland is not a leading country with regard to the discussion about business ethics. According to the survey carried out by the Centre for Finnish Business and Policy Studies (1997) 54% of business leaders thought that the most important task of a company is to make profit and all other duties are of secondary importance. Only 32% of leaders were of the opinion that Finnish companies should take more social responsibility than they are taking today. When asked which should be the most strongly emphasised values of their own company, only 3% of leaders mentioned social responsibility. Ethics as an important value was mentioned by 12% and taking care of staff by 31%.

**Figure 3.1 Values, which Should be Emphasised in Activities of a Company According to the Business Leaders (%)**



Source: The Centre for Finnish Business and Policy Studies 1997

At the same time 86% of Finns think that employees are working under such high pressure and with an exhaustive workload that it is likely that they will burn out before retirement (op.cit.). Furthermore, 49% think that the economic climate is too ruthless for the weakest and unproductive citizens and 66% are of the opinion that Finnish Society has resorted to favour the rights of the strongest and that the prevailing order is 'the order of the jungle'.

According to a more recent European-wide study conducted by Mori (2000) as many as 75% of the consumers in Finland hold the opinion that companies do not pay enough attention to societal factors. This figure was the highest within the Europe, the average being 58%. In Finland, the majority see companies' responsibilities to centre around core work-related activities with employees, such as protecting health and safety, providing secure long-term jobs and ensuring that practices are non-discriminatory. Around half the public think companies have wider responsibilities to the environment and to human rights, whilst fewer recognise other contributions to society as being within the corporate remit. For the majority, CSR does influence their purchasing behaviour: around two thirds consider a company's commitment to social responsibility important in the decision to buy a product or service. As in Europe as a whole, around two thirds of the Finnish public are sympathetic to environmental and social concerns, but not active. Only a quarter describes themselves as ethical consumers and a similar proportion would recommend a company for its social and ethical reputation: this is lower than Europe as a whole and lower than the other Scandinavian countries.

Recently, however, Finnish companies have started to pay more attention to CSR (Koponen 1999, Panapanaan et al. 2001) and it has become a fashionable term (pers.comm. Juutinen 2001). In 2001 Panapanaan et al. identified the following driving forces for CSR on the basis of their interviews within twelve companies:

- globalisation,
- stakeholders such as regulatory bodies, industrial federations, employees (prospective & current), suppliers, NGO's,
- long-term pursuit for SD.
- bad experiences and business relations.

According to Panapanaan et al. many companies hold the view that it is hard for a company to attract talented people if it has a bad image and poor performance.

### 3.2.2 Definition for CSR in Finland

As a term, CSR is relatively new and there is no general and clear definition for it in Finland (Koponen 1999, Panapanaan et al. 2001). Table 3.1 presents some concepts related to CSR suggested by Panapanaan et al. (2001) as a result of the interviews with top managers and executives of Finnish companies as well as simultaneously collected published documents of these organisations.

**Table 3.1 Some Finnish Concepts Related to CSR**

Concept	No.	%
1. CSR is compliance with strict Finnish laws and regulations.	12	100
2. CSR is integral or attached to all operations of the company especially to environmental responsibility (integrated view).	10	83
3. CSR is a global phenomenon.	9	75
4. CSR is a way of Finnish thinking (to be responsible and behave ethically) based on the typical Northern European high regard for morality.	7	58
5. CSR is a matter of common sense and of doing what is right or good for the people; hence, a social policy statement is unnecessary.	7	58
6. CSR exists somewhere in the core values and principles of the company. It is merely that Finns are not fond of writing and paper work when something is self-evident. CSR is rather a matter of values such as transparency, openness and trust.	6	50
7. CSR is a recurring concept or idea thrown back by developing countries. It was an issue in Finland 40 or 50 years ago.	5	42
8. Pursuing CSR is not a problem in Finland, but it is in the developing countries.	5	42
9. CSR relates to corporate citizenship wherein the company is legitimised by the community for its involvement and participation.	5	42
10. CSR is a matter of dialogue and communication and also of doing what a company thinks is right within its capabilities and means.	5	42
11. Stakeholders are concerned and ask companies to be socially responsible	3	25
12. CSR is very much related to a company's risks	3	25

(Source: Panapanaan et al. 2001)

It should be noted that CSR is not a term without contradictions, owing to the fact that it is often connected to issues such as increasing power of corporations and diminishing state services (see for instance Koponen 1999, Airaksinen quoted in Jokinen 2000, Sipilä quoted in Suominen 2000, Kuvaja 2001). Kuvaja (2001), for example, argues that there is a need to start discussion as to what extent the companies are actually willing and capable of taking on responsibility for the tasks, which have traditionally belonged to the society. She goes on by posing the following questions:

"What happens if a company's sales go down and it no longer can afford to offer services to its employees? Who is then taking the responsibility?...How about those without a job, who is taking care of them?" (op.cit. translation by the author of the thesis).

Furthermore, the deputy chair of KEPA (Service Centre for Development Co-operation) Jaana Airaksinen (quoted in Jokinen 2000) commented about the term 'corporate citizenship', that even if there is no doubt that social and environmental programmes by

the companies are desirable, promoting the companies into the status of citizens is not without problems. This because the business values are to be spread to the other areas of society such as education, research and development co-operation.

### **3.3 HRM IN FINLAND**

#### **3.3.1 Position of the HRM Function**

The expansion of the public sector came to an end with an economic recession in 1990s (Vanhala 1995, Yrjänheikki and Savolainen 2000). Furthermore, the privatisation of state-owned companies and the rationalisation of the public sector have been dramatic and challenging learning processes not only for managers and employees of these sectors but also for HRM specialists (Vanhala 1995). They have faced individual level anxiety and frustration in trying to balance the demands in headcount reductions and efficiency on the one hand, and individual level problems of losing their job or being forced to be transferred into another task or unit on the other hand (op.cit.). Traditional employment relationships have been increasingly replaced by part-time and/or short-term contracts (European Parliament 1996, Vänskä et al. 1999), and the need for flexibility is emphasised in work arrangements, working hours, wages and salaries as well as in hiring and firing (Freyssinet 1998, Strömmer 1999, Hietanen 2000).

As is found in most countries, the position of the personnel/HRM function and of personnel issues is dependent largely on the type of company and its business or industrial sector (Vanhala 1995). Logically, the organisation of the personnel function is also related to company size (op.cit.). According to the Finnish data collected for the Price Waterhouse Cranfield (PWC) study of HRM in Europe, 78% of big companies possessed a personnel/HRM department or a personnel manager (Brewster and Hegewisch 1994).

The personnel manager's position in the top management groups is seen customarily as critical from the point of view of the status of personnel functions and HRM issues and the actual opportunities to influence strategic level decisions (Vanhala 1995, Luoma quoted in Strömmer 1999). According to Price Waterhouse Cranfield survey the proportion was 61% at Finnish companies in 1992 (Brewster and Hegewish 1994).

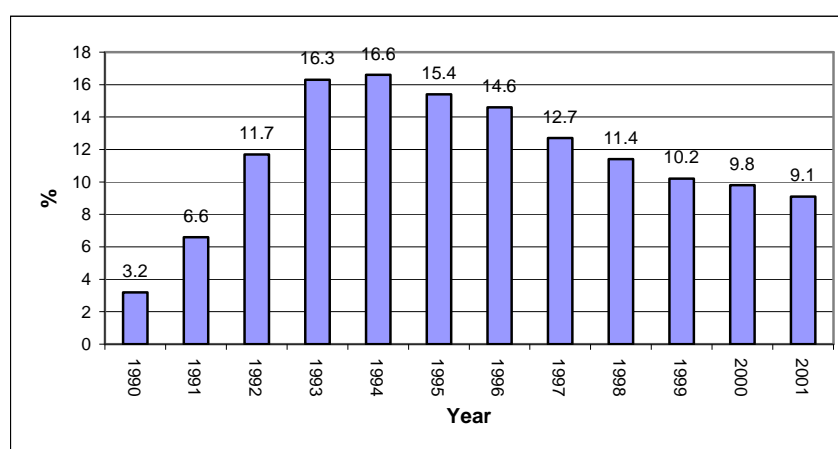


### 3.3.2 Labour Markets

#### 3.3.2.1 Distribution of Unemployment

As a consequence of the long and deep recession in the 1990s, unemployment rose from 3% to 17% (Statistics Finland 2002a). Within a few years nearly half-a-million net jobs were lost, partly due to the collapse of firms, partly because of rationalisation in the public sector and the labour cutbacks in firms in general (Vanhala 1995, European Parliament 1996, Filatov 2001).

**Figure 3.2 Unemployment Rates 1990-2001**



Source: Statistics Finland 2002a

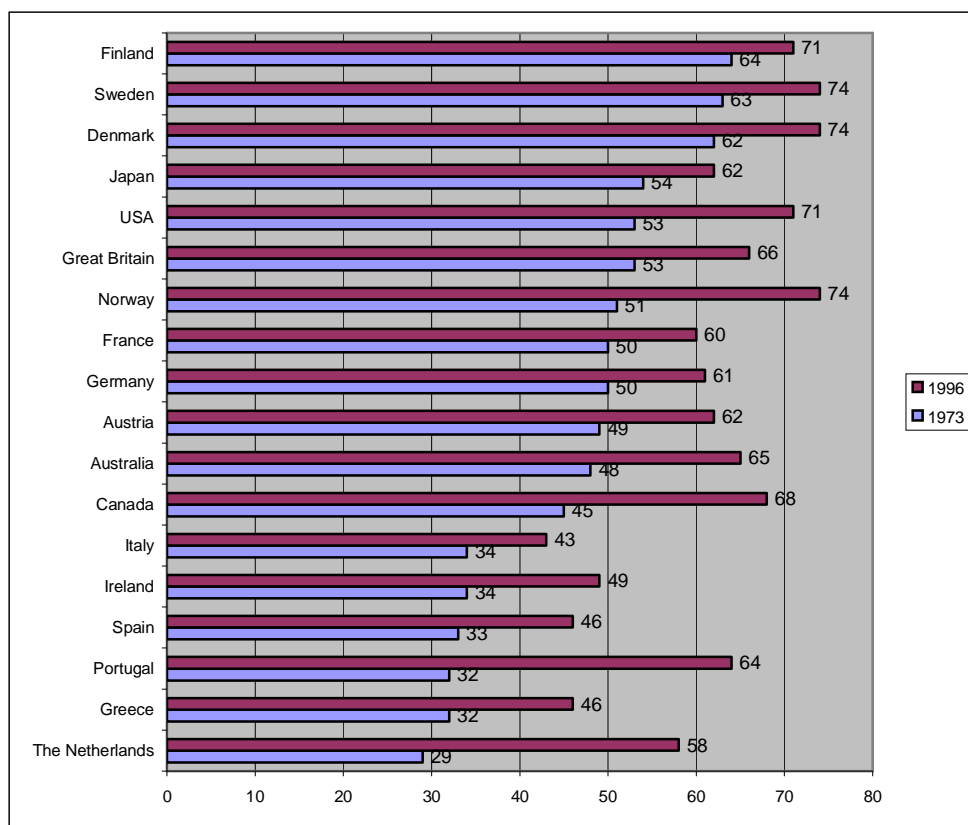
The stated aim of the Prime Minister Paavo Lipponen Government programme (Finnish Government 1999) is that as many as 70% of the working age population would find employment. According to the Ministry of Labour (2002a) employment had quickly picked up since recession. Between 1994-2001 the average employment rate increased rapidly from 59.9% to 67.7%. Unemployment continued to decrease, reaching the level of 9.1%, which is about 42% less than it was in 1994 (16.6%) (see Figure 3.2). According to the Statistics Finland the long-term unemployment rate was 2.2% in 2001, only half what it was in 1997 (Ministry of Labour 2002a).

According to the Ministry of Labour (2001a) almost 30% of workplaces looking for new employees experienced recruitment problems in 2000. The main reasons for recruitment problems are connected to shortages of work experience and skills, but problems are also evident in occupations, which require less training and skill. In the year 2001, however, the improvement of the employment situation slowed down in the private sector and particularly in manufacturing (Ylöstalo 2002).

### 3.3.2.2 Gender-based Segregation

The employment rates for men and women are nearly the same in Finland, which is quite unusual compared to the other EU member states (European Parliament 1996, SAK, STTK and AKAVA 2001). International labour statistics show that for some considerable time women's participation in work outside the home has been more common in Finland than in any other OECD countries (Lehto and Sutela 1999). More recently Finland was overtaken by Sweden and Denmark, but only by virtue of these countries' higher proportion of part-time female employees (op.cit.) According to Jonung and Persson (1993) if the number of hours worked per person of working age population is used as a measure of participation in gainful employment, Finland was still the leader even in the 1990s.

**Figure 3.3 Women's Participation in the Labour Force 1973 and 1996 (%), OECD**



Source: Lehto and Sutela 1999

As noted previously Finnish women tend to work full-time unlike women in other Northern Countries or within the EU in general (Vanhala 1995, Savola 1999 and 2000, SAK, STTK and AKAVA 2001). More recently, however, atypical work contracts have increased (Vanhala 1995, Savola 1999 and 2000) and are typical, in female dominated industries such as in shops, in the hotel and catering industry and in health care work (Savola 1999, SAK, STTK and AKAVA 2001). Unlike to the other EU countries childcare

is not the primary reason for part-time work of women (Savola 2000). The part-time workers are merely those who had not been able to find a full-time job or students (Savola 1999 and 2000). Furthermore, Savola (1999 and 2000) suggest that the part-time work is not often a voluntary choice. In accordance with the Statistics Finland 40% of the part-time employees had been willing to work full-time in 1998 (Savola 2000).

In 2001 the proportion of employees with part time contracts was 12% (Statistics Finland 2002c). Approximately 17% of all women and 8% of all employed men were in part-time positions (Ministry of Labour 2002a). Twenty per cent of all women were in a fixed-term contract and 13% of all men (op.cit.). The share of women of long-term unemployed was approximately 44% in 2001 (pers.comm. Kattelus 2003). The average duration of unemployment was estimated to be 51 weeks. For women this figure was 46 weeks and for men 56 weeks (op.cit.).

The Western type gender-based segregation of labour characterises the Finnish labour market, both vertically and horizontally (Vanhala 1995, Lehto and Sutela 1999, Ojala 2000, Ministry of Labour 2000a, 2001a and 2002a). According to the Ministry of Labour (2000a) only about 16% of the workforce is employed in equal occupations where the gender distribution is within 40-60%. Lehto and Sutela (1999) argue that it is "paradoxical" that in the Nordic Countries, where many indicators show the highest degree of equality between genders, occupational segregation is at its peak simultaneously. They suggest that the Nordic welfare services have promoted employment opportunities for women but simultaneously produced a record division to men's and women's jobs. With regard to vertical segregation, women make up about 43% of all upper white-collar employees, albeit only 24% of those in management positions (Lehto and Sutela 1999). This, even if women are more highly educated than men in all age groups (Ministry of Labour 2002a, Statistics Finland 2003a).

The wages of women fall approximately 20% behind those of men (Ombudsman for Equality 2001). Half of this difference of salaries can be explained by the fact that men and women are working in different professions, different sectors and had different education. But the other half remains unexplained. As a consequence the wages of women fall about 10% behind of those men working in same professions, sectors and having the same professional titles (op.cit.).

### 3.3.2.3 Ageing People

In Finland, as in most OECD countries ageing of the population is one of the major long-term policy challenges (OECD 2000a, Teronen 2000). In Finland, however, the ageing problem is worse than in most other OECD countries, and in 2030 the share of the elderly is expected to be the second highest in Europe (OECD 2000a). According to the Ministry of Labour (2001b) the working age population continues to increase up to 2010. This increase, however, concerns exclusively people over 55 years. The problems with shortage of the labour will start before the end of the decade. This, because many employees between 55-64 are anticipated to take an earlier retirement. Consequently, only 10% of the age group are expected to start the old age pension at the age of 65. Approximately one million people will leave working life between 2000-2015, which is nearly half of the working age population in 2000 (op.cit.).

### 3.3.2.4 People with Disabilities

There is no unambiguous definition for disability. One basis of estimation is the number of people receiving benefits on the basis of disability (Ministry of Social and Health Affairs 2001a). According to Ministry of Labour (2000a) people with disabilities accounted for about 10% of all jobseekers in 1999. The proportion of people with disabilities from all long-term unemployed has increased for whole 1990s (Ministry of Social and Health Affairs 2000a). Furthermore, according to the Ministry of Labour (2002a), whereas the number of unemployed people went down by one fourth between 1997 and 2001, during the same period, the number of unemployed jobseekers with disabilities went up by about 12%. The length of unemployment is also longer for this group than for other population (Ministry of Social and Health Affairs 2000a).

### 3.3.2.5 Immigrants/ethnic minorities

Generally speaking, the national labour market has for long remained relatively cohesive in Finland. This because of the proportion of temporary foreign workers has been low prior to the EU accession and refugees have so far played an insignificant role as labour (Vanhala 1995). With regard to domestic minorities there are approximately 10,000 Romanians and 7,000 Sami people in Finland (Ministry of the Environment 2003).

Recent developments show a clear change to this. During the 1990-2000 the number of immigrants increased approximately from 20,000 to 90,000 (Population Register Centre 2002). According to the Statistics Finland (2002b) at the end of the year 2001 there were 98,577 foreign nationals living in Finland. The proportion of foreigners from the whole population, however, was only 1,9%. As many as 69% of the foreign nationals were of European origin. The foreigners tend to concentrate in the county of Uusimaa (the main city of which is Helsinki), in which nearly half of them (49%) are living (op.cit.).

In accordance with regional labour statistics the unemployment rate for immigrants was 31% in 2000 whereas the corresponding figure for whole population was 12%. (Statistics Finland and Ministry of Labour 2003). According to the Ministry of Labour (2001a), in general, the improvement in the employment situation has also improved immigrant's opportunities of finding work on the open labour market. However, unemployment continues to be high among immigrants with a refugee background (op.cit.).

### **3.4 INDUSTRIAL RELATIONS AND LEGISLATIVE FRAMEWORK**

Labour legislation has been developed in Finland, as in the Nordic countries in general, through cooperation between the labour market parties and the government (Vanhala 1995, European Parliament 1996). Parliament has hardly involved itself in day-to-day labour market activity, but the legislation has been generated on the basis of joint proposals by the employer and wage-earners parties (European Parliament 1996).

According to the law, supervising compliance with the provisions of the labour law mainly rests with the labour protection authorities (Ministry of Labour 1998). At the national level, the administration of labour protection matters has been assigned to the Ministry of Social Affairs and Health in accordance with the Act on Labour Protection Administration (1993/16). At the local level, supervision of labour protection is the concern of civil servants (inspectors) at the various labour protection offices in the country's eleven labour protection districts. One of the administration's responsibilities is to carry out inspections and surveys to ensure that the rules and regulations on labour protection are being followed (Ministry of Labour 1998).

Several items of new legislation were adopted or implemented in Finland during 2001. In June, the revised Employment Contracts Act (2001/55) came into force. The Act, over 30 years old, was reformed in its entirety (Hietanen 2002). In June 2001, a new Act on

Protection of Privacy in Working life (2001/477) was adopted, regulating issues such as collection and treatment of health-related information. The New Occupational Health Care Act (2001/1383), which entered into force in the beginning of 2002, seeks to deal with changes in working life and increased stress involved in work. The aim of the Act is to direct employee healthcare measures towards ensuring that employees can remain longer in working life (Hietanen 2003). The focus is shifted towards promoting health and working capacity and addressing issues related to working conditions.

Furthermore, the new Occupational Health and Safety Act, which entered into force in the beginning of 2003, stresses new challenges, which have raised in importance especially in 1990's, such as increased mental load of work and problems within the working communities (Finnish Government 2002e).

### **3.4.1 Industrial Relations**

The Finnish industrial relations system is characterised by high unionisation rates of both employees and employers and a corporatistic bargaining system (Vanhala 1995, Kasvio and Nieminen 1999). Taking this into account, it is not unexpected that one of the key concerns of the Finnish Government (2001b) with regard to the European Commission Green Paper on European Framework for CSR was that voluntary action of companies is to replace collective bargaining. According to the Finnish Government (2001b):

"An important topic which should be raised for discussion is CSR's core value of voluntary action. The labour market includes a wide "middle area" which can be found between completely voluntary measures and normative guidance; an idea which is regulated by collective bargaining and tripartite agreements. Collective bargaining effectively involves more than merely agreeing on matters stipulated by laws and other statutory instruments. No voluntary regulation of market forces can replace this area."

As many as 80% of employees are organised in trade unions (Strömmer 1999, SAK, STK and AKAVA 2001). With 76 trade unions organised into three central confederations, there is a union for every employee regardless of line of work, type of employment or status in the enterprise (SAK, STK and AKAVA 2001). Reasons for high membership are reasonably good earning-related unemployment benefit offered by the trade unions, employers taking care of collection of the fees and possibility for an employee to reduce trade-union fees in taxation (Strömmer 1999).

The largest union is SAK with 23 member unions and over 1.1 million members, including members from industry, private services, local government, the State and transport (SAK, STK and AKAVA, 2001). STTK is the largest central organisation of white-collar employees. It has 21 member unions with a total of 645,000 members. These members work in health care, industry, the local government and state sectors, as well as in services and specialised occupations. AKAVA is a confederation for employees with university-level or other high-level specialist education and training. It has 32 affiliated unions based on profession or line of education with total membership of 391,000 (op.cit.).

Virtually all major companies are members of the employer organisations, while smaller companies are more seldom organised (Köykkä 1994). There are currently two federations of employers (Ministry of Labour 1998). The Confederation of Finnish Industry and Employers (TT) with over 5,500 member companies, altogether employing approximately 550,000 people is the larger one (Confederation of Finnish Industry and Employers 2003). The other employer federation is the Employers' Confederation of Service Industries, with members in various service sectors (Employers' Confederation of Service Industries 2003). Its 13 member associations cover about 9,000 companies, employing altogether 363,000 people (op.cit.).

### **3.4.2 Corporative Bargaining Relations**

The rules for labour markets have been set in collective negotiations between the employees and employers organisation since 1940's (Strömmer 1999). Since 1968 the labour market organisations and the government have concluded centralised incomes policy agreements aiming to improve working conditions and the social security system (SAK, STTK and AKAVA 2001). Tripartite income policy agreements cover not only wages but also employment policy and developments in working life, promotion of equality between men and women by harmonising the demands of work and family life, benefits and contributions to social welfare and pension schemes, taxation and the principles of good practice in the labour markets. These agreements usually last from one to two years. In the recent years the income policy agreements have sought to reduce unemployment, to maintain a low level of inflation and to secure improvement in working life (op.cit.).

The Finnish corporatist labour market system comprises three levels of negotiations (see Kauppinen 1994, Vanhala 1995, Strömmer 1999, SAK, STTK and AKAVA 2001). In the first topmost phase, the central organisations of employers and employees fix their long-term targets and strategies and define their political direction. The government then makes its own choices in the light of economic, monetary and social policy. After this, when the unions and the employers' side have decided to adhere to the central-level agreement, detailed bargaining and agreement take place at branch level i.e. local unions and companies and work sites. Often, much local level bargaining meant routine bargaining on pay and other terms of the collective agreement, interpreting and implementing agreements on labour law. Such broad issues as co-operation with companies, management style and work organisation are also spelled out at the local level.

**Figure 3.4 Corporative Bargaining Relations**



Source: SAK, STTK and AKAVA 2001

There is also a National Conciliators' office in Finland the duty of which is to promote industrial peace (SAK, STTK and AKAVA 2001). One distinctive feature related to Finnish labour relations is an exceptionally high level of strikes (Lilja 1992). This has been partly due to breakdowns in the collective bargaining system, with unions breaking away from the centralised agreements and organising strikes in order to obtain better agreements. In the first six months of 2001, for example, a total of 26 strikes, involving 9,684 employees, took place (Hietanen 2002).

The terms of general collective agreements shall be applied as minimum conditions by all employers in the field concerned (Suviranta 2000). According to the Collective Agreements Act (1946/436), the clauses in collective agreements must also be observed with regard to non-unionised workers, unless this group is explicitly excluded under the terms of the agreement.



Nieminen (1998) conducted interviews with 23 central industrial actors. According to him all employers shared the opinion that industrial relations should be decentralised and agreements made at the firm level. This, because of internationalisation and globalisation. Furthermore according to Strömmer (1999) the dominance of the trade unions and along with that the whole collective bargaining system has been under evaluation and discussion. There has been a transfer from central level agreements to the union specific and even workplace specific agreements (op.cit.). Many collective agreements are increasingly open to local negotiation on hours of work and other terms of employment (SAK, STTK, AKAVA 2001). Hietanen argues (2000) that the 2000 income agreement round shifted Finland's bargaining model further towards decentralisation. According to him sectoral collective agreements are increasingly taking a form of framework agreements, with a diminishing practical importance.

### **3.4.3 Education and Training**

The new Employment Contracts Act (2001/55) introduced a general obligation for an employer to take care that an employee can cope with his work in case of a change in the operations of the company, performed tasks or work procedures. In addition to this, an employer is obliged to promote opportunities for an employee to develop his/her skills for career advancement in accordance with his/her capabilities.

The Act on Co-operation within Undertakings (1978/725) stipulates that companies having at least thirty employees on their payroll must have a training plan ratified yearly and that the plans has to be discussed with the workforce. Under the Study Leave Act (1979/273), an employee who has been employed full-time by the same employer for one year is entitled to a study leave. The maximum length of the leave is two years. If the same employer has employed an employee for at least three months, he/she has the right to study leave lasting maximum five days. The studies do not have to be connected with the employers' operations, and may be freely chosen by the employee (Ministry of Labour 1998). No salary is paid during the leave, but the employee is entitled to apply for various training grants (European Parliament 1996).

### **3.4.4 Participation and Staff Involvement**

The Employment Contracts Act (2001/55) stipulates on freedom of association and right of assembly. The formal or representative participation system in Finland is based on

collective agreements and labour laws (Vanhala 1995, Suviranta 2000). Employees' opportunities for participation in decision-making in organisations have been increased through laws including the Act on the Supervision of Occupational Safety and Health and Appeal in Occupational Safety and Health Matters (1973/131), the Act on Co-operation within Undertakings (1978/725), the Act on Personnel Funds (1989/814) and the Act on Personnel Representation in the Administration of Undertakings (1990/725).

According to Suviranta (2000) there are five different basic institutions for employer-employee relations at the enterprise level. Four of these systems are statutory, while the fifth one is mainly based on agreement in practice. The non-statutory system is built up to consist of relations between the employer and the trade union, but sometimes the connection of the system to the formal structure of the union may in practice be rather loose. The non-statutory system serves, however, as the main base of one of the statutory system, while the other statutory systems have been set up for specific purposes, namely for labour protection (mainly safety and health), personnel representation in the administration of enterprises and participation in the profits of enterprises (op.cit.).

#### 3.4.4.1 Shop Steward System

Participation is centred on the shop steward system which dates back to 1946 and is based on the general agreement between the labour market parties (Vanhala 1995). The shop steward is the representative of the local trade union at the workplace. The shop steward system embodied in the General Agreement 1997 (TT and SAK 1997), consists of a chief steward for the establishment, a shop steward for every department and a substitute for the chief shop steward. The agreements concerning white-collar employees augment the shop steward network of a normal manufacturing establishment with two or three more shop stewards: one for the technicians and supervisors and another for the clerical and other comparable personnel, plus possibly a representative of the professional grades (Suviranta 2000). The shop-steward shall be elected by the local trade union concerned (op.cit.).

A shop steward shall represent the interests of the trade union and its members towards the employer and see that the employer honours his obligations, especially those based on collective agreements – towards the union and its members (SAK, TT 1997, Suviranta 2000). The new Employment Contracts Act (2001/55) introduced an opportunity for the employees who are not presented by a shop steward to elect a representative to present

them in questions related to matters concerning employment contract and working conditions.

Most collective agreements provide for a grievance procedure for the settlement of disputes concerning the application of agreement in question (Suviranta 2000). The typical industry-wide collective agreements in manufacturing provide that if a disagreement between an employee and his immediate supervisor cannot be settled between them, grievance negotiations shall be conducted first between the supervisor and the shop steward of the department and then between the management and the chief shop steward of the plant (see for example; Federation of Finnish Metal, Engineering and Electrotechnical Industries and the Finnish Metalworkers' Union 2002, Finnish Food and Drink Industries' Federation and Finnish Food Workers' Union 2001).

#### 3.4.4.2 Co-operation in Enterprises

Act on Co-operation within Undertakings (1978/725) is the most important law on collaboration between employers and employees in companies (Ministry of Labour 1998, Strömmer 1999). The Act applies to companies regularly employing at least thirty people.

Within the co-operation procedure, matters are dealt with both in the company's normal operative organisation, i.e. between the employee in question and his supervisor, and between the employer and the shop stewards representing the personnel (Ministry of Labour 1998). The Act on Co-operation covers matters such as transfers from one task to another, finishing the business or a part of, training plans, health and safety action plans and promoting the equal opportunities. In addition, the employer has to present employee representatives the financial account of the company as well as consistent account of economic condition of the company, including issues related to the development of the production, employment situation, profitability and development of cost structure.

In a Finnish company group in which the number of staff regularly working in Finland is at least 500, national group co-operation shall be based on agreement between the group management and staff representatives (Act on Co-operation within Undertakings 1978/725). If no agreement has been reached the minimum conditions of the Act shall apply. In accordance with these, the employer has to provide the personnel a economical report including the group's annual account, information concerning management decisions

with regard to essential expansion, reductions or finishing of the business operations and changes in group's production with impact on personnel.

#### 3.4.4.3 Labour Protection Representative

Act on Supervision of Occupational Safety and Health (1973/131) makes it a duty for each employer and the employee to cooperate in labour protection matters. For each workplace, the employer shall appoint a labour protection supervisor to be responsible for cooperation. At any workplace, where at least ten employees are regularly employed, the employees shall elect a labour protection representative from their own number for a period of two years to represent them in this cooperation as well as in relations with labour protection authorities. According to Suviranta (2000) it has not yet been definitely settled whether the tasks of the labour protection representative covers what is commonly meant by industrial safety and health, thus deferring matter concerning hours of work and annual holidays at such workplaces to the exclusive competence of the shop stewards, or whether such matters are also included into his/her tasks.

#### 3.4.4.4 Personnel Representation in Companies' Administration

The employees have been given say in the administration of enterprises in the Act on Personnel Representation in the Administration of Undertaking (1990/725). The purpose of the participation is development of activities of an enterprise, the intensification of cooperation between the enterprise and the personnel, and the enhancement of the influence of the personnel. The Act is applicable to Finnish corporate employers, which regularly employ in Finland at least 150 person.

The representation can be arranged by agreement between an employer and at least two of the personnel groups representing together the majority of the employees. In the absence of such an agreement and if so required by two personnel groups representing together the majority of the personnel, the personnel is entitled to elect its representatives to the administration of the enterprise. In this case, the employer is entitled to choose whether the representatives will be elected to the board of directors, to the supervisory board (if any) or the management groups of the different units of the corporation, covering together the activities of the whole corporation. The number of representatives shall be one-quarter of the other members of the organ in question, but at least one at most four (op.cit).

#### 3.4.4.5 Co-operative Bodies

The European Works Councils are based on Council Directive 94/45/EC on European Works Councils. The purpose of the Councils is to improve the right to information and consultation of employees in Community-scale undertakings and Community-scale groups of undertakings. A Community-scale undertaking means any undertaking with at least 1,000 employees within the European Economic Area (EEA) member states and at least 150 employees in each of at least two member states (op.cit.).

#### 3.4.5 Pay and Benefits

Finland does not have an overall statutory minimum wage system as such (European Parliament 1996, SAK, STTK and AKAVA 2001). Rates set in the main collective agreements apply, however, generally across sectors and create an effective minima for members of the signatory unions and non-members alike (op.cit.).

The participation of the personnel in profits of enterprises is regulated in the Act on Personnel Funds (1989/814). Personnel funds are not compulsory. A personnel fund may be erected in a Finnish undertaking having at least 30 employees, or at least 10 employees if no person owns more than one-tenth of the enterprise or of its voting power. The fund is erected, owned and administered by the personnel of the enterprise. Its assets consist primarily of profit premiums paid by the employer according to a profit premium system decided by the employer after having discussed it with the representatives of the personnel in accordance with the Act on Co-operation Within Undertakings (1978/725). Recently, the Act has been amended (Act on Amending the Personnel Fund Act 2002/499) in order to allow a Finnish company group, operating in several countries, to establish a personnel fund covering all its foreign subsidiaries.

#### 3.4.6 Security in Employment

Reasons for dismissal are the work performance of an individual and the financial situation of an enterprise (Employment Contracts Act 2001/55). An individual termination is only permitted on an especially weighty reason (Suviranta 2000). In case an individual termination is found unlawful, the employee is entitled to a normalised indemnity, amounting to at least three and at most twenty-four months wages (op.cit.).

A collective termination is permissible if work has been reduced for economic, productional or comparable reasons more than just slightly and not only temporarily and if the employee cannot, in regard to his skills and capacities, reasonably be placed in or trained for new tasks (Employment Contracts Act 1970/320, 2001/55). The new Employment Contracts Act (2001/55) obliges an employer to look for new job opportunities for an employee, under threat of dismissal for economic or production related reasons, in company's subsidiaries. The new Employment Contracts Act shortened the minimum notice from one month to two weeks. The notice period lengthens in accordance with the duration of the contract. If an employee has had an employment contract with the same employer for twelve years (in the older Employment Contracts Act 1970/320 for fifteen years) the notice period is six months.

According to OECD (2000a) legislation allowed a substantial rise in atypical jobs in the end of 1990's. The regulation on fixed-term contracts was eased somewhat in 1997, as an enterprise in the service sector can conclude a fixed-term contract if demand for its services is not stable (Employment Contracts Act 1970/320). Previously, such contracts were only allowed for temporary and seasonal work and in the case of hiring first-time entrants to the labour market (op.cit.). However, this amendment for the Employment Contracts Act lasted only up to the end of the year 1999. If the contract has been made for other reasons than mentioned above or if there has been several fixed term contracts concluded between the employer and worker without a good reason, the employment contract is seen to be as permanent.

According to the Employment Contracts Act (1970/320, 2001/55) an employer is obliged to offer additional job for part-time employees when hiring new labour. If the new job required training, which is adaptable to a part-time employee, the employer has to organise the training. Furthermore, the new Employment Contracts Act (2001/55) explicitly forbids different treatment of the employees having fixed or part-time contract without well-founded reasons. The new Act obliges the employer to inform the vacancies publicly within the company, ensuring in that way that the employees having part-time or fixed-term contract can apply these vacancies in equal terms with the full-time employees.

### **3.4.7 Health and Safety**

The legal framework on health and safety is based on two fundamental laws – the Occupational Safety and Health Act (1958/299) and the Occupational Health Care Act

(1978/743). The Occupational Safety and Health Act regulates the general safety in work as related to accidents, working hours, conditions of employment, exposure to chemicals or energy and other physical and material aspects. Declaring occupational accidents and disease cases is mandatory and the inspection districts examine all accidents to establish causes and consequences, and to initiate prosecution in case of criminal negligence (Yrjänheikki and Savolainen 2000, Act on Supervision of Occupational Safety and Health and Appeal in Occupational Safety and Health Matters 1973/131). Labour Inspection Districts are also notified of the new occupational disease cases as they are declared to insurance companies (op.cit.).

Various other acts, such as Act on Measures to Reduce Tobacco Smoking (1976/693), the Mines Act (1965/503) and Radiation Act (1991/592), obtain additional provisions on safety and health with specific branches or regarding specific hazards. They are further implemented by means of subordinate legislation, often in a very detailed form, for various industries and activities (Suviranta 2000). There are thus orders for the prevention of noise in work, manufactures using the viscose method, dock work, construction work, ski lifts, etc. (op.cit.). The safety and health conditions at the workplace are further to be developed in co-operation between employer and the employees (see for example, Occupational Health Care Act 1978/743, Act on Co-operation within Undertakings 1978/725).

In accordance with the Occupational Health Care Act (1978/743) it is the responsibility of the employer to organise the necessary occupational health care through its own medical department, mutual private sector centres, private practitioners, or municipal health care centers. The stress in the new Occupational Health Care Act (2001/1383) is on promoting occupational health and working capacity at work places and monitoring the working conditions.

In accordance with Act on Sickness Insurance (1963/364) the employer's costs for the health care are partially reimbursed by the Social Insurance Institution of the State (Ministry of Social and Health Affairs 2000b, Kela 2002a). The reimbursement is maximum 50% of the costs accepted by the Social Insurance Institution (Kela 2002a).

### **3.4.8 Equal Opportunities**

In accordance with the Employment Contracts Act (1970/320 and 2001/55), the employer is to treat his workers impartially without any unwarranted discrimination on the basis of

age, health condition, racial or ethnic origin, sexual orientation, family relations, language, religion, belief, political or trade union activity or any other comparable circumstance. The prohibition to discriminate covers all the terms of the employment relationship as well as the appointment procedure and job advertisement (op.cit.). Staff training provided by an employer also falls within the remit of anti-discrimination, since the prohibition on discrimination covers not only the terms of the employment relationship but also the organisation of work, work methods, work regulations, etc. (CEC 2000e).

In accordance with the Constitution of Finland (1999/731, Finnish Government 2002a) special positive treatment is permitted if the principle of equal treatment aims at, by improving the status or conditions of a certain group, abolishing de facto discrimination in the society. Furthermore, the Employment Contracts Act (2001/55) permits special positive treatment with regard to a certain group, for example due to disability, age, family commitments or social status (Finnish Government 2002a). In 2002 the Finnish Government prepared a proposal for a new act concerning equal treatment (op.cit.).

Collection, maintenance and use of information concerning individuals is regulated in the Personal Data Act (1999/523). Before collecting or registering any personal data, the purpose of handling of personal data shall be defined and recorded. 'Sensitive information' may, without the consent of the persons in question, be collected and filed only to the extent that doing so fulfils a legal duty. Sensitive information includes all information concerning the health, illnesses and disabilities of individuals as well as care measures applied to them. Sensitive information also includes data on race or ethnic origin, societal, political and religious opinions; membership in a trade union, and criminality, punishments and sexual behaviour. In October 2001, a new Act on Protection of Privacy in Working Life (2001/477) came into force regulating issues such as handling information concerning employees' health. The basic principle is that the employer is permitted to collect only information relevant to the employment relationship.

#### 3.4.8.1 Gender

The Act on Equal Opportunities between Genders (1986/609) introduced a duty for employers to promote the equality of women and men. An employer employing more than thirty employees has to include to the annual personnel and training plan or health and safety plan procedures in order to promote equal opportunities between the genders. Employers shall endeavour to have both women and men as applicants for jobs, to further



the equal placement of women and men in various tasks, to prepare equal career opportunities for them, and to promote balance between the job and family commitments (op.cit.).

According to the Act, the employer must not discriminate on the basis of gender in recruitment, training, with regard to the pay and benefits or and other employment conditions. A procedure which is based on equal opportunity plan and which aims at promoting the implementation of the law in practice shall not be regarded as an discrimination. Furthermore, a vacancy can be announced to be applied for only men or only women if it is based on implementing an equal opportunity plan.

The Act on Equal Opportunities between Genders provides an obligation for an employer to take care that the employee does not end up as an object of sexual harassment. This legislation has been tightened recently. The new Occupational Health and Safety Act (2002/738) which entered into force in the beginning of 2003 obliges an employer to implement appropriate procedures in case of sexual harassment which has brought to his/her knowledge. The employer is guilty of failing to comply with Health and Safety Act or even of crime, if he/she is not able to prove having taken appropriate measures in order to solve the problem (Finnish Government 2002e).

#### 3.4.8.2 Sexual Orientations

According to the Act on Registered Partnerships (2001/950) from the beginning of March 2002 persons of the same sex have been able to register their partnership. With a few exceptions, they have the same rights and obligations as married couples. They cannot, however, together adopt a child, nor can they adopt a common surname on the basis of the registration.

#### 3.4.8.3 Ageing People

The employment pensions are compulsory (Pension Act 1961/395) regardless of the wage and duration of the employment contract. Pension rights accrue of gainful employment from age 23 to 64 maximum level for accrued pension rights being 60% of the earlier salary (Pension Act 1961/395, Kela 2000). The pensions are financed with contributions from both employers and the insured (Kela 2002a). In year 2000 the insurance payment was in average 21.5% of which employers paid 16.8% and employees 4.7% (Ministry of Labour 2001d).

The official retirement age is 65 years. The minimum age for unemployment pensions is 60 years (Kela 2002c). If a person who is of 55 years old loses his/her job, he/she can receive unemployment allowance up to the age of 60, when he is allowed to apply for unemployment pension. The unemployment pension is automatically transformed to be an old age pension at the age of 65 (op.cit.).

In 1998, the minimum age for part-time retirement was lowered temporarily for two years from 58 to 56 years (Act on Part-time Work and Part-time Pension Arrangements of Ageing Employees 1998/227). Later on this temporary arrangement was expanded to last up to the end of 2002 (Act on Amending the 3§ of the Act on Part-time work and Part-time Pension Arrangements of Ageing Employees (1999/1269)). Part-time pension has to be agreed with the employer.

#### 3.4.8.4 People with Disabilities

Finland has no quota or preferential employment policies and no special anti-discrimination legislation for disabled people (CEC 2000e). People who have lost partial working capacity while in employment are among the best protected in Finland. In accordance with the Employment Contracts Act (1970/320 and 2001/55) the employer shall not dismiss a person on the basis of his/her health condition, if this has not lead to essential and permanent decrease in the employee's occupational fitness. The labour court has interpreted the law in such a way that, in extreme case, the employer may be obliged to set up a 'tailor-made' job for such persons (CEC 2000e). After one year of partial incapacity related to sickness, however, the employer has legal right to dismiss if suitable work cannot be found (op.cit.). Under the Occupational Health and Safety Act (1958/299), the scale and placing of work and tools, machinery and equipment should enable employees to perform their tasks adequately.

Bigger the company, the bigger share it pays of disability pensions (Finnish Government 2002d). With regard to companies having less than 50 employees on the payroll, the pension insurance covers all the pension cost but the incremental excess begins when the company employs 50 people. The company having more than 800 employees on the payroll pays the full disability pension (op.cit.)

#### 3.4.8.5 Immigrants/ethnic minorities

Act on Integration of Immigrants and Reception of Asylum Seekers (1999/493) entitles immigrants to an individual integration plan. The plan helps immigrants to strengthen their language skills, vocational skills, working life skills and other factors in integration and their have been prepared through local integration programmes in cooperation between local authorities, employment offices, immigrants' organisations and other NGOs (Ministry of Labour 2002a). Over 11,300 integration plans were drawn up in 2001 (op.cit.). Integration support comprises the labour market support and the social assistance (Act on Integration of Immigrants and Reception of Asylum Seekers 1999, see also Finnish Government 2001c).

### **3.4.9 Work-life Balance**

#### 3.4.9.1 Advisory Systems

Mothers in Finland have a free access to special advisory and health care services during pregnancy and after giving birth (SAK, STTK, AKAVA 2001). The advisory service monitors the general health of mothers and their babies and provides guidance in motherhood skills. Preparatory classes are arranged for expectant fathers and mothers (op.cit.). The state also provides a maternity package to every expectant mother containing the basic necessities for care of the new-born child as well as various baby clothes (Maternity Assistance Act 1993/477). Instead of maternity package the mother can choose 140 Euro (Kela 2002a).

#### 3.4.9.2 Daycare

The Act on Children's Daycare (1973/36) came into force more than quarter of a century ago. According to the Act, the obligation to organise daycare for children under school age rests with local authorities. The local authorities may provide daycare either in daycare centres or in the form of family daycare. Since 1990 parents have enjoyed unconditional right to daycare for children under three years of age either in municipal daycare or by receiving child home care allowance in order to care their children at home (OECD 2000b). As of 1996 all under-school age (less than seven years old) children are legally guaranteed a place in municipal daycare (Act on Children's Daycare 1973/36). Privately organised daycare services are limited in Finland (Kröger and Zechner 2001). From year 2000 on, 6-year-old children are offered half-day pre-school education that can be

organised either in a daycare centre or in a school. For local authority daycare services, families are obliged to pay a fee that is related to their incomes. Poor families are exempted from the fee, but others have to pay it monthly. The maximum fee that is usual for two-earner family was 185 Euro per month in 2001 (op.cit., Kela 2002a).

#### 3.4.9.3 Family Leave

Family leave is stipulated in the Employment Contracts Act (1970/20, 2001/55). Maternity benefit is paid for 105 days and earnings-related parental leave allowance for 158 days (Act on Sickness Insurance 1963/364 and Sickness Insurance Ordinance 1963/473). The child's father is entitled to paternity allowance for six weekdays at a time of his choice during the maternity or parental leave. The father can also be paid paternity allowance for 6-12 days when the child is born. In 2001 an amendment to the Act on Sickness Insurance made it possible for father to have 18 days leave during the maternity/paternal leave in accordance with his choice (Finnish Government 2002b).

Although parental leave may be taken by mothers or by fathers, it is very unusual for the latter to do so (Helle 2001, SAK, STTK, AKAVA 2001). Helle (2001) suggests, however, that willingness of highly educated men to use their rights for family leave is on the increase. Furthermore, one half of all fathers exercise the right to take to take paternity leave for a period not exceeding three weeks (op.cit.).

The maternity and parent's allowance during employment is equivalent to daily allowance under Sickness Insurance Act. This allowance is calculated on the basis of the annual income of the employee. The gross amount of the allowance per day is 70% of the annual income, if the income is not more than 24,609.26 Euro per year (Kela 2002a). The size of maternity, paternity and parent's allowance and of the special maternity allowance is decided in the same way as the daily allowance paid because of unfitness to work, except that the amount of the maternity, paternity, parent's or special maternity allowance is always at least Euro 10.09 per day (Kela 2002a and 2002d).

In the beginning of 2003 statutory paternity leave was lengthened by 12 days from previous 18 days, providing that father takes at least two weeks of the parental leave (Finnish Government 2002b). Furthermore, parents are able to take their parental leave on part-time basis. Both parents could thus be in part-time work and on partial parental leave

at the same time. This, however, provided that an employer agrees with arrangements (op.cit.).

Either of the parents are entitled to stay at home to care for a child for the first three years and then to return to the previous employment (Employment Contracts Act 1970/320, 2001/55). A mother or father exercising this right receives an allowance for doing so (Act on Sickness Insurance, 1963/364, Sickness Insurance Ordinance 1963/473, Employment Contracts Act 1970/320 and 55/2001).

According to the Employment Contracts Act (1970/320, 2001/55), an employee who had worked for the same employer at least for one year, may also exercise the right to partial care leave by reducing the working day to six hours until the child has finished the first autumn term of the basic school. Compulsory schooling in Finland begins in August of the year in which the child reaches the age of seven years (SAK, STTK, AKAVA 2001). The employer can refuse to give the employee the leave only if it causes a serious disadvantage for the production or services of the workplace, which cannot be avoided with reasonable reorganisation (Employment Contracts Act 1970/230, 2001/55).

The allowance paid for a parent staying home to look after a child under three years is 252.28 Euro per month for one under three year old child in the end of 2001 (Kela 2002a and 2002b). In addition, 84.09 Euro is paid for each under three-year old siblings and 50.46 Euro per month for each under seven year old siblings. The low-income families can apply for a care supplement paid only for one child at maximum 168.19 Euro. Part-time care leave allowance is paid only for a child under three years (63.07 Euro per month) (op.cit.).

The employee has a right to take a leave of maximum four days in time if his/her child gets sick in order to organise the nursery of the child (Employment Contracts Act 1970/329, 55/2001). By a recent change in income taxation a temporary childcare organised by an employer is not considered as a taxable benefit (Soininvaara 2001). The parents have, however, a free choice between staying home or accepting the childcare opportunity offered by their employers. An employee can temporarily be absent from work, if his/her immediate presence is needed in case of previously unknown sudden accident or sickness faced by his/her family (Employment Contracts Act 1970/320, 55/2001).

The employer is not obliged to pay the employee salary during the family related leave. However, in many collective agreements there are regulations concerning paid family leave periods (see for example Finnish Forest Industries Federation and Finnish Paperworkers' Union, the Commercial Employers' Association and Service Union United (2000)).

#### 3.4.9.4 Working Time, Overtime and Flexibility

According to the Working Hours Act (1996/605), the general rule for normal working hours is that they shall exceed neither eight a day nor 40 a week. It is, however, possible to exceed the weekly limit - but not the daily limit – in case the employer lays down a schedule in advance providing for working hours not exceeding 40 a week on average (op.cit.).

In 1996 the Ministry of Labour started an experimentation project which tested, i.a the adaptability of the 6+6 working time model (Ministry of Labour 2001c). The six hours system aimed at combining efficiency, flexibility, local agreements and distribution of work in a way, which would promote the competitiveness of the company. Ideally, the increase in leisure time of an employee would, in turn reduce the absent rates and improve essentially the quality of life. Furthermore, new employees would be employed for new job turns.

Job Alternation Leave was introduced in 1996 (Act on Job Alternation Leave Experiment 1995/1663). A person who has held a job for more than a year, can be off work for a period between 90 and 359 days and will receive 70% of the earnings-related unemployment benefit of which the employee would be entitled if registered as unemployed (Kela 2002a). The employer has to agree with the rotation leave and has to hire an unemployed person for the leave period. In the end of 2000 this experimentation was expanded to last up to the end of 2007 (Finnish Government 2002c).

### **3.4.10 Support for Employment**

#### 3.4.10.1 Unemployment Benefit

In accordance with the Unemployment Security Act (1984/602) an unemployed job seeker is paid either basic daily allowance or earning-related allowance. The full basic allowance

(Euro 21.36 in the end of the year 2001) is paid to all persons in need of financial assistance (Kela 2002a).

To qualify for a daily earning-related unemployment allowance a job seeker must have worked 43 weeks within the last 24 months (Unemployment Security Act 1984/602). The allowance is paid for maximum of 500 days of unemployment. The earning-related component is 45% of the difference between the person's daily pay and the basic component (Kela 2002c). If his pay is higher than 2150.74 Euro a month only 20% is paid on the amount exceeding this sum (op.cit.). In practice, the rate of unemployment benefit is about 60% of average earnings while working (SAK, STTK, AKAVA 2001). In accordance with the Act on the Integration of Immigrants and Reception of Asylum Seekers (1999/493) immigrants are allowed to apply for integration support which corresponds with the amount of basic allowance (Act on the Integration of Immigrants and Reception of Asylum Seekers 1999/493).

#### 3.4.10.2 Employment Support

The employment agency can grant financial support for an employer hiring an unemployed person (Employment Act 1987/275, Employment Decree 1997/1363). The aim of the employment support is to promote employment opportunities for long-term unemployed and unemployed under 25 years facing the threat of long-term unemployment or exclusion from the labour markets. As a rule, the employer is expected to provide a regular contract with an unemployed person. In addition, the employer has an obligation, in accordance with a written plan produced in co-operation with the unemployed person, to improve the occupational qualifications of the unemployed, which he/she is lacking. The employment support can be admitted to a company on basis of a fixed term contract, in case of an apprenticeship scheme, if training to help a person experiencing difficulties in the labour markets to improve his/her employability is organised, or the long-term unemployed is employed within the job-alternation leave scheme (op.cit.). The minimum amount of the support was Euro 21.36 per day in 2001 and it can be admitted for twelve months at a time (Kela 2002a).

The support can consist of the basic allowance combined with an employment support paid to an employer. This form of support is admitted to an employee who receives only the basic allowance and who has not been working at all or only randomly during the last 500 days of unemployment (Ministry of Labour 2001d). The amount of the support basic

allowance is on the average 420.47 Euro per month and amount of employment support maximum 420.47 per month. The support can be paid for maximum 12 months at a time (op.cit.).

In accordance with the Employment Decree (1997/1363) an employment agency can admit an unemployed jobseeker employment support for training. The trainee by him/herself is paid an allowance when in training. The allowance varies in accordance of the employment agency consideration between 420.47-756.85 Euro per month (Ministry of Labour 2001d) and it can be admitted for the same person for maximum ten months period.

Employment support for unemployed people with disabilities can be admitted up to 24 months at a time (Ministry of Social and Health Affairs 2000a, Finnish Government 2001d). In order to help facilitation of the person with disabilities at work the employer can receive support in order to adopt the working conditions. This, if there is a need for changes or reorganisation with regard to work procedures, equipment or other conditions (op.cit.). The maximum support is 1681.88 Euro per person. With regard to a person with serious disabilities this amount can be exceeded by 840.94 Euro at most. The support can cover the wages of a job designer, who plans and organises suitable jobs and training placements for the unemployed. The maximum support to a job designer is 168.19 Euro per month for a maximum one year. For a person with serious disabilities the support accounts for 252.28 Euro per month for a maximum two years (Ministry of Social and Health Affairs 2000a).

People receiving only a disability pension may 'shelve' their pension for a minimum of six months and a maximum of two years if they find work (Ministry of Labour 2000a, Ministry of Social and Health Affairs 2000a, Finnish Government 2001d). An 'incentive allowance' is paid for time the pension is suspended, making work a more attractive option for people with disabilities than living off a pension (op.cit.). So far, however, this law covers only the basic pension scheme and is suitable for individuals with no earning-related pensions accrued. Partly as a result of this provision use of this option has been limited (CEC 2000f).

#### 3.4.10.3 Local Authorities' Obligation to Provide Employment Opportunities

According to the Employment Act (1987/275) the local authority is obliged, if required by the labour authorities, to organise an unemployed person having residence in the



municipality an employment opportunity for ten months. This employment has to be organised in a way that the unemployed person can start work on completing maximum allowance period of 500 day provided in the Unemployment Security Act (1984/602).

### **3.4.11 Accounting**

The legal base of accounting and corporate reporting is defined in the Accounting Act (1997/1336), the Accounting Ordinance (1997/1339), the Companies Act (1978/734) and the Securities Markets Act (1989/495). According to the Accounting Ordinance only average number of employees on the payroll, break down the personnel in groups, the wages and salaries, pension costs and 'other personnel related costs' has to be disclosed in the official accounts of the companies. Furthermore, the ordinance has provisions concerning disclosure of pays and benefits for managing director and his deputy, members of the board of directors or equivalent groups. The Finnish Government second programme (1999) also aimed at promoting employee related accounting on voluntary basis. As a result of this the government programme 'Well-being at Work' started a research project, the aim of which was to promote the development and use of personnel accounts (see Ahonen 2001).

## **3.5 VOLUNTARY MEASURES**

### **3.5.1 Government programmes**

Unlike the situation in other Nordic Countries, the use of public resources to promote workplace change is relatively new in Finland (CEC 2000d). Recession in the early 1990's, high structural employment, and new challenges facing the business sector has forced Finnish policy makers to examine new ways of improving economic performance (op.cit.)

#### **3.5.1.1 The National Workplace Development Programme**

The National Workplace Development Programme, initiated by the Economic Council and incorporated in the government programme (Finnish Government 1999), supports workplace initiated development project which contribute to changes that boost productivity and improve the quality of working life (Ministry of Labour 2003a). The programme is run on a tripartite basis between the Government, employers and trade unions (Hietanen 1997a).

The programme gives support to projects which concentrate on one of the following focus areas: promoting learning-supporting forms of work organisation, developing HRM, improving functioning of work communities and promoting equal opportunities within work communities (Ministry of Labour 2001e). From 1996 to September 2001, the programme has allocated expert support to 450 projects involving nearly 1,000 workplaces and 100,000 people (op.cit.).

Participants receive financial support to help them implement major programmes of workplace change. Public money is used to finance the cost of external advisers (CEC 2000d). To qualify for support, projects must involve managers and other employees, focus on human resources, and promote equality. Further conditions of support are participation in post-project evaluation and programme publicity (op.cit.).

#### 3.5.1.2 The Well-being at Work programme

In November 1999, the Finnish Government launched a research and action project to promote well-being at work (Hietanen 1999). It aims to find new practical solutions to prevent stress at work, among other measures, with the goal of raising the average age of retirement by two to three years over next decade. The programme has been prepared by various ministries, the social partners, sport organisations and the church, and the social partners will play a major role in its implementation (op.cit.). The Well-Being at Work programme functions at four levels: information provision and the promotion of good practices; research and the utilisation of research findings; support and funding for development projects; and legislation monitoring (Well-being at Work Programme 2001).

The 'well-being at work' is defined broadly in the programme: physical and psychological ability and health are included, as well as the functioning of the 'working community' and its development, the working environment, working conditions, control of work, maintenance of professional skills, and organisation of working time and work tasks (Hietanen 1999). Good practice and models for the reform of working life will be disseminated to the wider public with the help of videos and guidebooks (op.cit.).

#### 3.5.1.3 The Programme on Ageing Workers

The "national age programme", 1998-2002, provided for measures for organising training, information and research projects, and for monitoring the effects of measures proposed by

the committee on improving older workers' employability (Hietanen 1997b). The purpose of the programme is to enforce amendments to regulations, to promote the training of older workers and generally to change the values and attitudes of society so that the contribution made by older workers to economic activity is seen in a more positive light (Hietanen 1997b, Ministry of Labour 2003b).

### **3.5.2 The Finnish Business & Society**

According to Juutinen (pers.comm. 2001) the first incentive for the establishment of the Finnish Business & Society group was given by the 'European Declaration of Businesses against Social Exclusion' initiated by Jacques Delors, president of the Commission and European business leaders (see section 2.5.1 Chapter 2). "At this time the EBNSC (now the CSR Europe) did not have a partner organisation in Finland and we proposed STAKES for this role", Sirpa Juutinen, the co-ordinator of the Finnish Business & Society group, from STAKES (Finnish National Research and Development Centre for Welfare and Health), explained in a personnel telephone interview conducted in spring 2001.

The creation of a national network for social commitment among companies was one of the aims of the Mainstreaming project. The Mainstreaming project was set up on the basis of pilot projects of Finland's STAKES consortium in which new rehabilitation and employment methods such as supported employment, social firms and psycho-social rehabilitation were developed (Juutinen 2000a). The project was funded by the Horizon Strand (promoting opportunities for disabled) of the EC Employment Initiative.

The network was established by seven companies in spring 2000 (STAKES 2000). In the beginning of 2003 the network consisted of 38 members (Finnish Business & Society 2003). The aim of the network is to create a new type of partnership between companies, the public sector, citizens and consumers in order to promote socially and economically sustainable development (STAKES 2000). The co-ordination work and building up the network has been funded by the EU (Juutinen 2000b, pers. comm. Juutinen 2001).

**Table 3.2 The Aims of the Finnish Business & Society Group**

- developing personnel management,
  - promoting employees well-being,
  - promoting the development of social and human capital in the enterprises and through this productivity, security, coping with work and shared responsibility,
  - developing a bench-marking system as regards the social dimension both at national and international level,
  - developing cluster-models in order to promote sustainable development,
  - work as a broad network, comprising companies of different size and from different sectors
- (Finnish Business & Society 2000).

According to the first chair, Antero Levänen (quoted in Alarotu 2000) the idea of CSR is still relatively new. However, he reminds us that it was only ten years ago when the idea of companies producing environmental reports was still something to be laughed at. Levänen argues that now environmental reports are regarded as a self-evident factor contributing to the competitiveness of a company. Furthermore, he goes on by suggesting that equal opportunities, for example, might well develop in an parallel way and become an important competitive factor in the future.

According to Juutinen (pers.comm. 2001) the HRM management was the easiest and the most familiar way to get started. Juutinen specifies recruitment, availability of workforce, especially competent workforce, and how the company could attract employees as important areas of HRM. Another focus area is redundancies and how to deal with them in an ethical way. In addition, working ability and promotion of learning at companies are important for the network. Juutinen argues that the purpose is not that companies would take over tasks, which currently belong to the public sector, but that companies commit to social responsibility in their own operations. This means, in case of personnel that companies act in a way to prevent the problems, which otherwise would end up to cause expenditures to the public sector. From the society point of view this can be seen as preventive welfare policy (op.cit.)

In 2001 the Business Society Group set an aim to develop a national criteria for CSR. On the other hand, need for a specific national criteria was questioned at the Criteria Workshop meeting (Finnish Business & Society 2001a). The opponents stressed that Finnish companies can use the existing international criteria and the proponents that the criteria should reflect Finnish culture and society, in order the assessment to be reliable. In addition, it was noted that criteria such as Global Reporting Initiative (GRI see Appendix D) is relatively narrow with regard to HRM (Finnish Business & Society 2001a). The Group ended up stressing two themes; 1) company's personnel and 2) companies responsibility over local community. With regard to HRM, the following sub-themes were

established: recruitment, working conditions, maintaining work ability, staff development, rewarding and redundancies and transfer to the new tasks (Finnish Business & Society 2001b). In 2002 the Finnish Business & Society published 'a workbook' on these bases in order to help companies to assess their policies (Juutinen 2002).

### **3.5.3 Public disclosures**

In 2000 representatives of big companies were interviewed by the *Taloussanomati* with regard to CSR reporting (see Lehtinen 2000). Mikko Ohela, the Vice President from a big forest company Metsäliitto, believed that reporting on CSR will gradually establish it to Finland. According to him the pressures are coming through international trade since "ignorance and societal problems are often more common abroad than in Finland" (Ohela quoted in Lehtinen 2000, translation by the author of the thesis).

In accordance with the earlier research the information on personnel in annual reports is small in quantity (see Paukkunen 1998, Eronen 1999, Rokkanen 1999). The disclosures tend to be descriptive and general by their character and quantitative information is largely missing. Furthermore, movements in company's market value tend to follow economical variables. An abundant information on personnel would rather decrease the market value of the company. This indicates that expenditures on personnel are interpreted more like costs than investments (op.cit.).

The current accounting can be divided into two main groups, human resource costing and accounting and intellectual capital schools (Eronen 1998, Teronen 2000). The accounting in accordance with intellectual capital school is, however, seldom public (Teronen 2000). According to Gray et al. (1996) there has been much debate in the literature whether the Human Resource Accounting approach belongs at all in the realm of social accounting. As argued by Harte (1988) there is little doubt that the major impetus for the development of HRA has been a desire to improve managerial decision-making. Furthermore, one can see in this development the influence of scientific management principles, which seek to make the most efficient use of all resources, including human resources (Gray et al. 1996).

### **3.5.4 Social and Ethical Investment Funds**

Gyllenberg's Forum-fund was tailored for the investment needs of the parishes in 1999 (Evangelical Lutheran Church of Finland 1999). The Finnish companies chosen are either

neutral or positive when assessed against the criteria (Managing Director Matti Byman quoted in Jokinen 1999). The criteria is taking good care of personnel, responsibility over society and environment (op.cit.).

Conventum Vision focuses on companies, which are increasing their staff and have invested on personnel training and well-being (Conventum 2001a) The companies are assessed on the basis of the public documentation and on the basis of regular visits at workplaces. The personnel related matters are discussed with both management and employee representatives (op.cit. 2001b).

In October 2001 six Finnish companies belonged to the Dow Jones Sustainability Index group (Dow Jones Sustainability Index 2001). Dow Jones sustainability Index includes parameters related to employee benefits, employee satisfaction, conflict resolution, equal rights and non-discrimination, occupational health and safety standards, layoff and freedom of association (SAM 2001). Four Finnish companies belonged to FTSE4 Good Europe Index as of 10 July 2001 (FTSE 2001a). The assessment focuses i.a. equal opportunity, flexible working arrangements and family benefits, health and safety, training and employee development and good employee relations (FTSE 2001b).

### **3.5.5 Standards and Guidelines**

#### **3.5.5.1 Equal Working Community -project**

Recently, the labour market parties have made an initiative in order to develop a diagnostic tool to measure and evaluate an equal working community. The project was started as a part of the 1998-1999 collective income bargaining (Ojala 1999). It developed a set of criteria to measure good and equal workplace on the basis of surveys on employees and workshops at workplaces. The criteria include the following headings (op.cit.):

- Values and organisational culture
- Equality and its implementation
- Work atmosphere and feeling of community
- Common aims and the meaning of own work
- Possibilities to make initiatives and participate
- Pay and benefits
- Internal communication

- Working conditions
- Balance between family and work life

#### 3.5.4.2 Industry Guidelines

In the end of January 2001 the Confederation of Finnish Industry and Employers published its first guide for CSR.

#### **Table 3.3 Confederation of Finnish Industry and Employers Guidelines for CSR: Employees Well-being and Competence**

<ul style="list-style-type: none"> <li>• Has the company ensured that safety at work is taken care of in accordance with good practices?</li> <li>• How the company has organised the health care of its employees?</li> <li>• How the company encourages its employees to maintain their working capacity?</li> <li>• Has the company made any surveys with regard to employees job satisfaction and job motivation?</li> <li>• What measures the company has taken in order to ensure the competence of its workforce as well as to maintain and improve the skills of the personnel?</li> <li>• What kind of pays and benefits the company offers? How are the benefits integrated with company's results?</li> <li>• How the company intends to secure the availability of the workforce in the future?</li> <li>• Does the company know the structure of its personnel with regard to age, gender, and nationality and has the company developed codes of conduct in order to secure equal opportunities when recruiting new employees and when deciding about advances in the company?</li> <li>• How the company ensures feedback from its employees and how this feedback is used with regard to treatment of employees and in the company operations in general?</li> <li>• What methods of communication are in use when informing the employees about the company's affairs?</li> </ul> <p>Source: Confederation of Finnish Industry and Employers 2001</p>
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#### 3.5.5.2 International Standards

The Responsible Care programme covers more than 80% of the Finnish chemical industry production and approximately 60% of the employees working for chemical industry are working in the companies participating into the programme (Finnish Chemical Industry 2002). Responsible Care is an international environment, health and safety programme of the chemical industry (op.cit. 2003). The aim of the programme is societally sustainable operations in accordance with natural sciences (op.cit.). Furthermore, quality standards such as ISO 9001 and 9002 include criteria related to employee training and participation (ISO 2001, Finnish Standards Association 2001).

#### 3.5.5 3 Awards

The Ministry of Labour 'good employer's award' is admitted to a company who has developed the work community, promoted employer participation, created new work opportunities and developed a pleasant and secure working environment (Ministry of Labour 1992). The award is a certificate of honour and a Finnish art object. The criteria included the impact of company's operations on employment and its continuity, training

and staff development, the significance of the personnel as a resource and development of the working life and working community as a whole. An additional criteria which may be taken into account is co-operation with the labour administration with regard to employment service, staff training, occupational rehabilitation or working conditions. (Ministry of Labour 1992 and 2000b).

VATES-foundation provides yearly an award for a distinctive employer at the International day of Disabled persons (3 December) (pers.comm. VATES foundation 2001). The criteria is that the employer has employed people with disabilities to ordinary employment contracts, the pay corresponds with collective agreements and the common practices of the company, the employees with disabilities are fully empowered members of the working community and the working conditions and procedures have been organised in a way to facilitate the adoption of the people with disabilities. The winner is awarded with a certificate of honour, a special symbolic sculpture and with possibility to have publicity in the media (op.cit. 2001).

From year 2001 the Finnish quality award had applied the criteria of the EFQM Excellence Model (Excellence Finland 2003). This model includes criteria related to personnel development and participation and continuous development (op.cit).

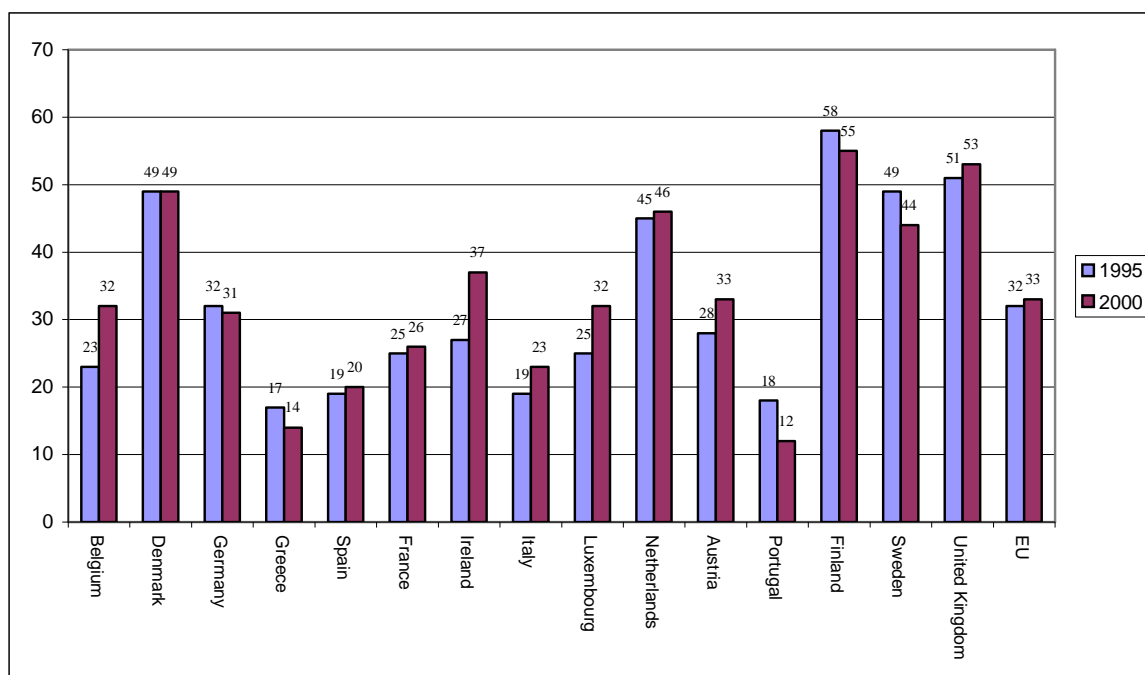
### **3.6 CURRENT TRENDS IN FINNISH WORKING LIFE**

#### **3.6.1 Training and Staff Development**

According to the European Foundation for Improvement of Living and Working Conditions (2003) companies educate their employees in Finland more than in the other European Union countries (see Figure 3.5).



**Figure 3.5 Employees Having Undergone Training Paid for or Provided by Employer within the Past 12 Months**



In 2000 as many as 56% of employees had participated in staff training supported by an employer (Statistics Finland 2002d). The factors having impact on participation in training were socio-economic position of an employee and his/her educational background, but also the size of the workplace. Bigger the company, bigger the share of employees participating in training (op.cit.). According to the Ministry of Labour (2001a) ageing clearly decreases the participation in training.

### 3.6.2 Participation and Involvement

In 1990s, the emphasis of discussion on participation has shifted from representative to direct participation, using such forms as various group and team work models, projects groups and branch meetings (Vanhala 1995). The main reasons for the shifting emphasis in employee participation are seen to be related to the adoption of new organisational and management models, such as total quality management (TQM) as well as increasing competition and globalisation of markets and decreasing power of trade unions (op.cit.). In 2000 approximately 90% of employees were working at least part of their working time in teams or other groups at workplaces employing at least 200 (Ylöstalo 2001).

In 1997, a third of the white-collar workers and a fifth of the blue-collar workers were receiving some form of results-based pay (OECD 1999). Recently discussion in Finnish

daily newspapers on the option schemes of the management as a factor increasing the inequality of incomes has been active (see Miettinen 1997, Iivonen 1998, Baer 1999 and 2000, Jääskeläinen, 2000a and 2000b, Rautio 2000). According to the interviews conducted by Anttila (2000) a number of companies quoted in Helsinki stock exchange intended to increase their openness by publishing the rewards and benefits of their management as well number of options and other shares in their annual reports.

### **3.6.3 Flexibility vs. Security**

During the recession threat of redundancies suppressed the atmosphere at work places and increased the number of employees suffering from exhaustion at work and work-related burnouts (Strömmer 1999). The increasing need for flexibility has lead companies to be careful when recruiting people on regular basis. Many companies have recruited on the permanent basis only employees which are necessary for the core functions of the company (Strömmer 1999, Hietanen 2000).

The research results indicate that discrimination against employees with atypical contracts is more common than discrimination on the basis of gender, age or ethnic background (Ylöstalo 2002). As noted in section 3.3.2.2 this chapter atypical work contracts have increased (Vanhala 1995, Savola 1999 and 2000) and are typical, in female dominated industries such as in shops, in the hotel and catering industry and in health care work (Savola 1999, SAK, STTK and AKAVA 2001).

Since 1995 there has been clearly more workplaces which have increased the number of employees than those who have decreased the number of them (Ylöstalo 2000, 2001 and 2002). In year 2001, however, there were less workplaces having increased their staff than in year 2000 (Ylöstalo 2001 and 2002). According to the Ministry of Labour (Ylöstalo, 2002) as many as 8% of employees considers it likely to be made redundant within one year in 2001. As many as 13% considers lay-off possible.

### **3.6.4 Employee Well-being and Work Ability**

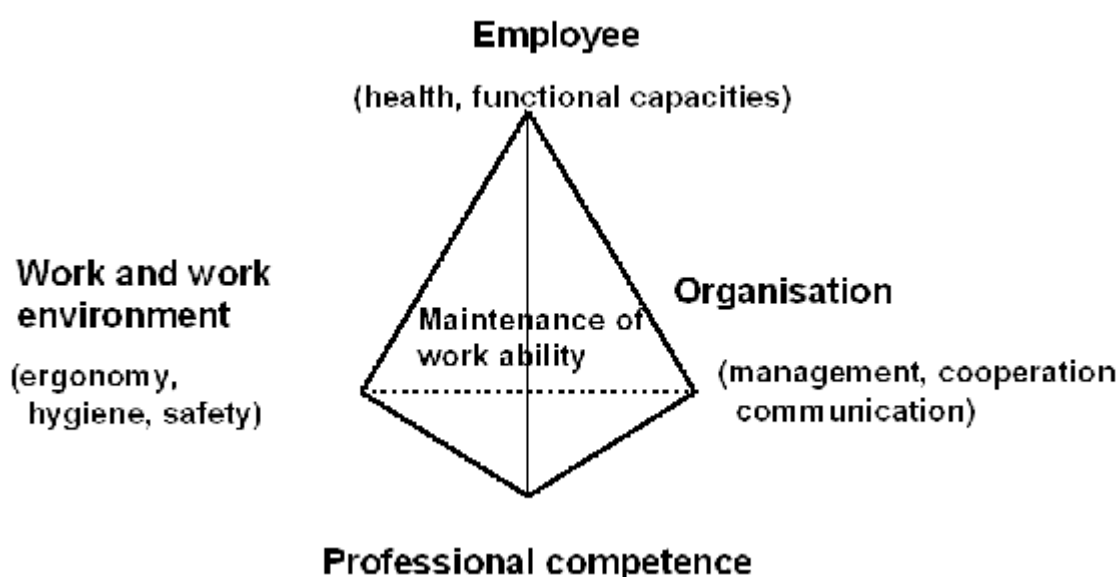
The Ministry of Labour working life barometer suggests that all along the 1990's more than half of the employees have been of the opinion that stress and tight timetables had increased at work during the previous year (Ylöstalo 2002). Furthermore, in private sector

nearly 60% of employees were of the opinion that the performance-related requirements at work have increased during the year 2001 (op.cit.).

Strömmer (1999) argues that Finnish working life has recently developed in a contradictory way. On one hand employees have felt that opportunities for training and development have increased and also that they have had more impact on their own work. On the other hand employees have been under more pressure as the productivity demands have increased, the rhythm of work has become more intense and insecurity increased. Recently the 'exhaustion at work' and 'work-related burnout' have been widely discussed in Finnish daily newspapers and magazines (see for example Pollari 2000, STT 2000a, 2000b) and was paid attention by Finland's president in her New Year speech (Halonen 2001).

The work ability activities have been documented in the Occupational Health Care Act (2001/1383), Occupational Safety and Health Act (1958/299), as a recommendation in the Centralised Economic and Income Policy Agreement in 1990 and in Income Policy Agreement 1997 (see also Peltomäki, et al. 1999). The content and form taken by work ability projects have been up to companies to decide. At their best their have included aspects of promoting the physical, mental and social well-being of the employees (Strömmer 1999). The model in Figure 3.6 was presented by Peltomäki et alia (1999) as well as Finnish Institute of Occupational Health (2000).

**Figure 3.6 Factors of Work Ability**



Source: Finnish Institute of Occupational Health 2000

According to the Ministry of Labour working life barometer in 2001 as many as 62% of all workplaces had implemented activities related to employees' fitness, health and living habits (Ylöstalo 2002). As many as 85% had developed health and safety at work (op.cit.).

### **3.6.5 Equal Opportunities**

According to Statistics Finland and Council for Equality 'Equality Barometer' (Melkas 2001) the equality between the genders is still far from being reached. As many as 58% of the female employees feel that the gender is an obstacle at least in some work-related matters. Most generally these matters include pay, advances at work and sharing the work pressures (op.cit.).

Discrimination against ageing employees had been perceived by 11% of employees and against employees with atypical contracts as many as 14% (Ylöstalo 2002). The perceptions of discrimination and differential treatment towards immigrants has increased in 2001 (6% of all respondents) compared to the previous year (4% of all respondents). By discrimination it is meant differential treatment with regard to, for example, pay and benefits, recruitment, career advancement or staff training (op.cit.). Furthermore, a study by Statistics Finland and Council for Equality suggested that as many as 18% of the women and 5% of the men had experienced some form of sexual harassment at work in 2001 (Melkas 2001).

### **3.6.6 Inclusion on Labour Markets**

According to the Ministry of Labour (2002a) labour market exclusion is on the increase. In 2001, 13% of the unemployed people were people with disabilities, while 5% were foreign nationals. The number of unemployed people went down by one fourth between 1997 and 2001, but during the same period, the number of unemployed jobseekers with disabilities went up by about 12%, while the number of unemployed foreigners remained at the same level (op.cit.).

In 1998, Oy Dagmar Ab interviewed 150 employers' representatives and asked questions related to general attitude towards the ageing (Lonka 1998). When the employers interviewed were asked their preferred age groups at recruitment, many include into their responses a wide variety of age groups, but a clear stress was on age groups under 30 and those between 30-39. Only one in ten respondents would recruit people over 50 years. On

the other hand, nearly third of the respondent could not give any opinion as regards the age of the recruits (op.cit.).

According to Ministry of Labour Working Life Barometer (Ylöstalo 2000) as many as 93% of the age group between 25 and 34 believed that they will find a job corresponding with their professional skills if being left unemployed. However, the belief in good employment prospects decreases with age. Of those more than fifty-five years only 37% believes in finding a new job in case of redundancy (op.cit.).

CHAPTER 4  
THE STRUCTURED  
SURVEY OF FINNISH  
CORPORATIONS  
METHODOLOGY AND  
RESULTS OF THE  
INTERVIEWS

## **4.1 INTRODUCTION**

The aim of this chapter is to explore the social responsibility of Finnish corporations in the area of HRM. Whereas the large majority of Finnish companies are small, as many as 99% having less than 100 employees on their payroll in 2001 (Statistics Finland 2003b), the impact of the biggest ones is comprehensive (see Kasvio 1999) and they can consequently also be regarded as being role models. Kasvio (1999) argues, for example, that the failure, or success, of the strategies of the very biggest company, Nokia, is important to the whole country. If this company has to cut off its operations or orders from its supply chains, this has an impact on the employment situation in the whole of Finland.

The data collection has been conducted by structured interviews and by a parallel postal survey (see Chapter 4 and 5). The survey focuses on the companies' practices in HRM field in their home country, Finland. The criteria for the survey have been established by the literature review on the developments at the European level (see Chapter 2). Apart from the European level developments the main topics under discussion in Finland are paid attention to (see Chapter 3).

It should be noted, that in Finland the role of the state as provider of social welfare services is still strong (see Chapter 3). Furthermore, due to strict legislation and comprehensive collective bargaining system, managerial discretion in the HRM field is limited in Finland by comparison with regulatory systems in many other countries (Vanhala 1995, see Chapter 3). Therefore the results of the survey, which focuses on the voluntary activities of companies, should be interpreted in the context of the framework set out in Chapter 3.

## **4.2 METHODOLOGY**

### **4.2.1 The Target Population**

It has been argued that large and multinational companies have so far been the main promoters of CSR, even if it is relevant in all types of companies and in all sectors of activities (CEC 2001b and 2002a). Consequently, the survey addressed the 205 biggest companies by net sales in Finland. These have been selected by following the *Talouselämä's* list of top 500 companies in Finland (Talouselämä 2001). The *Talouselämä* is the leading Finnish business magazine with a weekly distribution of 70,000 issues (Talouselämä 2000). As suggested by Niskala and Pretes (1995) *Talouselämä* can be regarded as the Finnish equivalent of *Business Week* or *Fortune*.

*The Talouselämä* (2001) defines a company as a corporation aiming at achieving economic results. This definition includes e.g. public limited companies, state/municipality owned companies, cooperatives and even some associations. The listing has been made on the basis of group level information, and as a consequence the term 'company' is used here to refer to a company group as a whole.

The companies having less than two hundred employees on their payroll have been removed from the list. These were mostly investment or trade companies which in some extreme cases had only one to ten registered employees on payroll despite considerable annual net sales (see *Talouselämä* 2001). A parallel logic was followed by the Price Waterhouse Cranfield survey, which removed the companies having less than two hundred employees on their payroll, since these organisations were not expected to have HRM as a specialised function (Brewster et al. 1994a).

In order to gain consistency between the survey and the content analysis of corporate reports the sample excludes those companies in which the country of control is not Finland (owing to different reporting practices). Consequently the companies which the *Talouselämä* has marked by a black spot indicating foreign ownership have been removed from the list (see *Talouselämä* 2001).

For the purposes of the research the sectors defined by *Talouselämä* have been regrouped under the broad headings of 1) manufacturing and 2) services in line with the Finnish Ministry of Labour annual working life barometers (see Ylöstalo 1999, 2000, 2001 and 2002). The method used by Statistics Finland has been adopted when classifying the companies under the broad sectors of manufacturing and services. When preparing the structural statistics of the manufacturing industry, the Statistics Finland has traditionally included extraction of minerals as well as electricity, gas and water supply into the manufacturing industry along with the sectors which can be referred as 'pure' manufacturing industry (Statistics Finland 2001b). In addition, since 1995, construction has been included in these statistics.

The companies defined as 'multisector' by *Talouselämä* (2001) have been assessed and a company has been classified under manufacturing or services in accordance with whether more than 50% of its net sales came from the respective sector. Another sector which consists of both manufacturing and service sector companies is the media. This was divided into publishing and printing companies, which were classified as representatives of

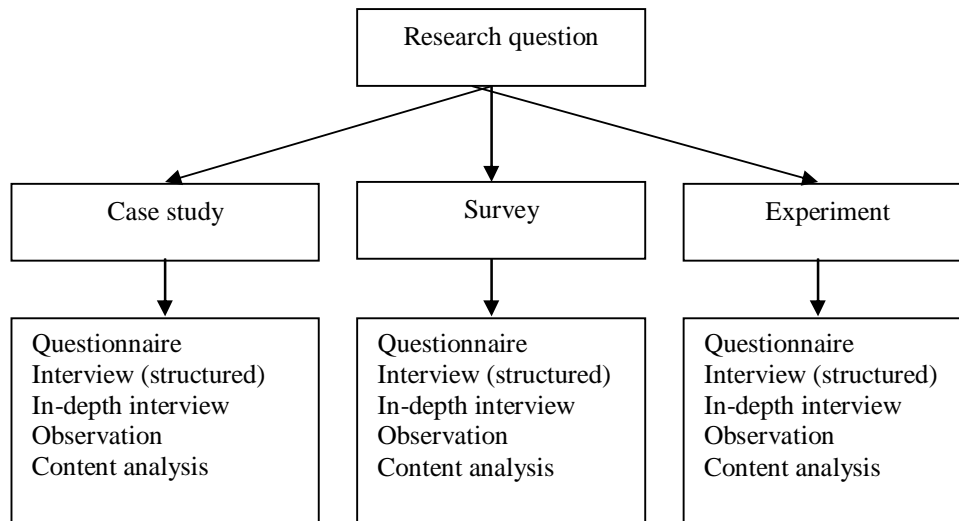


manufacturing industry and companies providing recreational or advertising services, which were classified as representatives of the service sector. This was done by using the help of the European Union NACE system of industrial classification (Nomenclature Générale des Activités Economiques dans les Communautés Européennes). This is the Classification of Economic Activities introduced by the European Commission (see Commission Regulation 29/2002) in an attempt to collate statistical information on the labour market across countries and it also has been adopted by Statistics Finland (Statistics Finland 2001a) and was applied in the Business Finland 2000 yearbook (Helsinki Media, 1999) listing all the companies and groups the net sales of which exceeded 100 million Euro.

#### 4.2.2 Collection of Data

Collection of data may involve use of a variety of research techniques and methods and "survey research is one method of collecting, organising and analysing data" (Vaus 1991). Vaus illustrates this variety in the following diagram:

**Figure 4.1 A Range of Methods of Research and Techniques of Data Collection**



The design and content of a questionnaire is fundamental in ensuring that it meets the objectives of the survey. Vaus (1991) makes the point that "when using questionnaires, it is difficult to go back to people to collect additional information we might later discover we need". Thus, if the objectives of a survey "come from a defined need" (Fink 1995), then the questionnaire should address this need in the direction it takes.

### 4.2.3 Defining Style for Questions

The questionnaire was prepared and carried out using the Finnish language in order to avoid misunderstandings and to promote the easy understanding of the survey by using the habitual national terms and classifications (see for example Brewster et al. 1994a).

The chosen style of questioning may influence the understanding and reaction of the respondent and hence affect the survey results (Sudman and Bradburn 1982, Oppenheim 1992). The questionnaire consisted of a mixed set of open and closed questions. Closed questions, incorporating pre-set responses were used for their "ease of interpretation" (Oppenheim 1992), "reliability and consistency" (Fink 1995) and to "allow respondents to answer the same question so that answers can be meaningfully compared" (Foddy 1993). However, in order not to lose spontaneity and expressiveness of the respondents (Oppenheim 1992), some open questions were incorporated in the end of each specific section. Otherwise "we shall never know what the respondents said or thought of their own accord". Other disadvantage is the possible bias caused by "forcing them to choose between given alternatives and by making them focus on alternatives that might not have occurred to them" (op.cit.). Apart from this, Sudman and Bradburn (1982) argue that if questions are demeaning, embarrassing, or upsetting, respondents may terminate the interview or falsify their answers. The procedures suggested by them for obtaining more accurate reports of threatening topics include the use of open, long questions with familiar words (op.cit.).

Denscome (1998) argues that there is no hard and fast rule about the number of questions that can be included in a questionnaire. This will depend on factors such as the topic under investigation, how complex the questions are, the nature of the respondents who have been targeted and the time it takes to complete the questionnaire (Oppenheim 1992, Denscome 1999). Every effort should be made to keep the questionnaire as brief as possible by restricting the scope of the questions to crucial issues related to the research and avoiding any superfluous detail or non-essential topics (Denscome 1998).

In order to make questionnaires as easy to fill in as possible, the information requested is mainly qualitative, whereas quantitative information which has to be looked up is only asked if it was felt that there is an absolute need for it (see for example Brewster and Hegewisch 1994). Furthermore, it should be noted that the CSR Europe (2000d) study on European companies performance on social and employment issues used only qualitative

indicators after requesting considerable amounts of quantitative information. The reason was the lack of information as well as difficulties in comparing the available data (see section 2.6.2 Chapter 2).

Since not much variation between the practices of companies is expected in the areas covered in details by law or collective agreements, the survey mainly focused on voluntary actions or, alternatively, on actions regulated by the law but difficult to detect, such as equal opportunities as well as discrimination at work (see Vanhala 1995).

#### **4.2.4 Pros and Cons of Interviews and a Postal Questionnaire**

Denscome (1998) argues that as a rough guide, any social researcher will be lucky to get as many as 20% of the postal questionnaires returned. Consequently, in order to ensure the appropriate response rates, it was decided to interview companies having 1,500 or more employees in average on their payroll in 2000. The rest of the companies received the survey by post. The face-to-face interview is a more expensive and time-consuming way of conducting the survey than the use of the post to collect information (Oppenheim 1992, Denscome 1998). However, Denscome (op.cit.) suggests that weighted against this, researchers might expect the data obtained to be more detailed and rich, and the face-to-face contact offers some immediate means of validating the data. Due to the fact that the questionnaire included a number of open questions, it was consequently expected that interviews would yield more detailed and rich answers than a postal survey.

Oppenheim (1992) argues that the advantages and disadvantages of the interview are almost a mirror image of these points. Interviews often have a higher response rate; they offer the opportunity to correct misunderstandings and to carry out observations and ratings while controlling for incompleteness and for answering sequence. But there are always the risks of interviewer bias, and the interviews are usually too expensive to reach a widely dispersed sample. According to Oppenheim the main advantages and disadvantages of postal questionnaires are:

**Table 4.1 Advantages and Disadvantages of Postal Questionnaires**

Advantages	Disadvantages
<ul style="list-style-type: none"><li>• low cost of data collection;</li><li>• low cost of processing;</li><li>• avoidance of interviewer bias;</li><li>• ability to reach respondents who live at widely dispersed addresses or abroad.</li></ul>	<ul style="list-style-type: none"><li>• generally low response rates, and consequent biases;</li><li>• no opportunity to correct misunderstandings or to probe, or to offer explanations for help;</li><li>• no control over the order in which questions are answered, no check on incomplete responses, incomplete questionnaires or the passing on of questionnaire to others;</li><li>• no opportunity to collect ratings or assessments based on observation.</li></ul>

The following factors have been found to increase response rates either to mail surveys or to personal interviews or both (see Oppenheim 1992):

- advance warning,
- explanation of selection, how the respondent came to be chosen,
- sponsorships,
- appearance of the envelope,
- advance publicity in the local media,
- incentives,
- confidentiality,
- reminders,
- anonymity,
- appearance of the questionnaire,
- length of the questionnaire,
- the topic, and its degree of interest to the respondent,
- rapport,
- return envelopes.

#### **4.2.5 Defining Context for Questions**

The context for questions has been established by looking at relevant documents produced at the European Community level (see Chapter 2) such as the ‘Green Paper on Partnership for New Organisation of Work’ (CEC 1997) as well as the High Level Group on Economic and Social Implications of Industrial Change (CEC 1998a) and the Commission Green Paper on promoting a European framework for CSR (CEC 2001b). Other documents used as a basis for the criteria are ‘European Declaration of Businesses against Social Exclusion (1995), the ‘Analysis of the Relevance of the CSR-database Case Studies to the Four

Pillars of the European employment Guidelines’ (CSR Europe 2001a) as well as material released in a conference to inaugurate the European Campaign for CSR held in Brussels in November 2000. This material includes documents such as ‘Voluntary Guidelines for Corporate Social Reporting’ prepared by the CSR Europe (see CSR Europe 2000b and 2000c), the ‘First European Assessment of 46 Companies Performance on Social and Employment Issues’ (CSR 2000d) and voluntary guidelines produced by the UK-based Business Impact Task Force (Business Impact Task Force 2000a and 2000b). In addition, the special conditions of Finnish labour markets and prevailing regulations have been taken into account (see Chapter 3). Furthermore, attention is paid to current topics and themes under discussion in Finland.

**Table 4.2 Survey Themes**

- |  |
|--|
| <ul style="list-style-type: none"> <li>• Values and principles</li> <li>• General HRM objectives and administration</li> <li>• Training and staff development</li> <li>• Participation and staff involvement (includes incentive schemes)</li> <li>• Security in Employment</li> <li>• Employee well-being and work ability</li> <li>• Equal opportunities</li> <li>• Work-life balance</li> <li>• Employment policy and integration on groups experiencing difficulties in the labour markets</li> <li>• Reporting and measurement of policies</li> </ul> |
|--|

Most of the questions focus on internal practices of the company. It should be noted, however, that questions such as those related to integration of disadvantaged groups on the labour markets sit on the border of internal and external practices and are classified, for example, under the heading of community investment in the CSR Europe (2000c) voluntary guidelines. In the Green Paper (CEC 2001b) on promoting a European framework for CSR recruitment of socially excluded people are documented under both ‘Human Resource Management’ and ‘Local Communities’ headings.

In order the responses to the questions to reflect the reality in as realistic way as possible, the year 1999 annual, personnel and CSR reports produced by the target population were collected and corporate disclosures assessed against the aims, objectives and specific parameters documented in the key background documents (see Tables 2.2 - 2.12, Chapter 2). The corporate public disclosures provided useful insight and background information for practical formulation of the questions and listing of the specific parameters. This helped to construct questions with the aim that they would be easily understood by the

respondents and also reflect current practices and the terms commonly used and familiar to Finnish companies in this context.

Furthermore, a review of Finnish legislation, labour and industrial relations system (see Chapter 3) and a number of earlier studies and questions asked by other researchers, referred to in the sections below in more details, also provided useful background information and helped to interpret the European level documents in the country-specific context as well as to construct viable questions (see also section 4.2.6 for piloting of questions).

The following 11 sections detail the themes and related questions and the documents on which they are based in more details.

## **1 Organisational Details**

The questions in this section were aimed at establishing the basic facts concerning the respondents and their respective organisations. It should be noted that although the questionnaire is addressed to the biggest companies in Finland there are considerable differences between the companies in terms of net sales as well as with number of employees on the payroll. Earlier studies show that size of the company has an impact on company HRM policies as well as on reporting practices (see for example; Cowen et al. 1987, Gray et al. 1993, 1995b, Brewster and Hegewich 1994, Vanhala 1995, Adams et al. 1998, Ministry of Labour 2001a, Statistics Finland 2002d). The collection process of company reports showed that quoted companies, as well as state/municipality owned companies are more likely to produce an annual report than other companies. Consequently, questions related to the ownership, number of employees in Finland and abroad, as well as the division of staff to different categories are included. Due to the fact that information about company net sales and specific sector are provided by the *Talouselämä* magazine (2001), questions with regard to these issues are omitted, in order to keep the survey as short as possible.

## **2 Values, Principles and HRM Policy**

The first question explores to what extent the company has built up its image and the attention paid to values and ethics. A vision, a mission and values together form a category included in the CSR matrix (CSR Europe 2000b and 2000e, section 2.6.3 Chapter 2). The

CSR Europe (2000b) suggests that socially responsible companies co-design their values and visions with stakeholders. Furthermore, Wheeler and Sillanpää (1997) suggest that a shared vision and values are a sign of an employee inclusive company. Consequently a question has been included inquiring whether the employees participated in the design process of common values, a vision, a mission, ethical code/principles or principles for CSR.

Questions about HRM strategy are aimed at establishing the attention paid to planning of HRM policies, employee participation in the process as well as the main principles and targets of the policy. As already noted in the introduction of this thesis (see section 1.3 Chapter 1) the term 'HRM' is applied here as a term indicating a broader approach than the term personnel management, whereas the discussion about the strategic element of personnel or HRM is outside the scope of the study. In order to avoid misunderstandings, the PWC study (see Brewster and Hegewisch 1994) used in its survey both terms with a slash: 'personnel/HR management'. With regard to the questionnaire used for this survey this clarification, however, is not needed, since commonly applied Finnish terms such as '*henkilöstöjohtaminen*' or '*henkilöstöhallinto*' can be translated in both ways depending on the company approach to the matter.

When collecting the annual reports and committing inquiries for the contact details of HR directors it was noted that not all of the companies had HR management as a specialised function at the upper corporate level. Both the CSR Europe (2000b and 2000c, Table 2.9 Chapter 2) and the Business Impact Task Force (2000a and 2000b, Table 2.11 Chapter 2) stress the importance of the commitment of senior management to good practices in workplace activities. Furthermore, the HR director's position in the top management groups is seen customarily as critical from the point of view of the status of HRM issues and the actual opportunities to influence strategic level decisions (Brewster 1994, Vanhala 1995, Luoma quoted in Strömmer 1999, section 3.3 Chapter 3).

### **3 Training and Staff Development**

Life-long learning was documented in the European Council (2000a) appeal on CSR. Education and training or 'investment in human capital' are also key issues of the adaptability pillar of the European Employment Guidelines and further promoted by the Green Paper (1997) as well as the High Level Group report (1998a), the Green Paper on promoting European framework for CSR (2001b) and in the documents released in the first

European convention on CSR in Brussels. In Finland the Employment Contracts Act (2001/55) obliges employers to provide the employees opportunities to develop their skills in order to advance their career. Furthermore, in accordance with the Act on Co-operation within Undertakings (1978/725) each company employing at least 30 employees must have a training plan ratified yearly. Training secondment is a statutory right as well (The Study Leave Act 1979/273, section 3.4.3 Chapter 3).

As suggested by the Green Paper on the European framework for CSR (2001b) business has a key role "in providing an environment, which encourages life-long learning by all employees, particularly by the less-educated, the less-skilled and older workers". The questions in this section therefore aim at establishing if companies have integrated the idea of life-long learning into their staff development programmes and whether they find it important to ensure the future employability of employees. Furthermore, the section aims at assessing the resources invested in training and education as well as the degree in which all employees are involved in the training activities (different staff categories, older workers, less-educated, employees with part-time and fixed-term contracts). Since broadening the employees skills as well as learning by doing can be regarded as important parts of life-long learning (see CEC 1998a, CSR Europe 2000d) questions on competence appraisals, development discussions, development plans (CSR Europe 2000d, Table 2.8), job rotation as well as special formal vocational qualifications tailored to the company's needs are included as well as whether the company encourages its employees to search for training opportunities by themselves. Question related to offering training courses to students, school leavers, the long-term unemployed, immigrants or ethnic minorities, people with disabilities or the low-skilled are included also (CSR Europe 2000d and 2001a, Tables 2.6 and 2.8).

#### **4 Employee Participation and Involvement**

Employee participation, including financial participation (CEC 1997, CEC 2001b), empowerment (CEC 1997, CEC 2001b), work autonomy (CEC 1997, CSR Europe 2001a, European Declaration of Businesses against Social Exclusion 1995) as well as delegation of responsibility (CSR Europe 2000d) and genuine two-way dialogue (CEC 1998a, CEC 2001b, Business Impact Task Force 2000b) are mentioned in the key background documents. Legislation concerning the issue is comprehensive and includes the Act on Co-operation within Undertakings (1978/725), the Act on Personnel Representation in the Administration of Undertakings (1990/725) and the Act on Personnel Funds (1989/814)



(see section 3.4.4 Chapter 3). Furthermore, as noted in section 3.4.1, Chapter 3 the industrial relations system is generally characterised by high unionisation rates of both employees and employers and a corporatistic bargaining system. In 1997, more than 80% of Finnish employees belonged to trade unions and the collective bargaining coverage rate was more than 90% (OECD 1999). Since there is already strong evidence of the majority of the companies having strong trade union representation as well as wide coverage of the shop steward system, questions on these issues are largely ignored.

The questions aim at evaluating the channels which employees can use in order to communicate their views to the management, as well the employee categories briefed about company's strategy and economical performance. Practical illustrations of the European Declaration of Businesses against Social Exclusion (1995) include involving employees themselves in the efforts aimed at preserving a business or restoring its economic viability (see Table 2.3 Chapter 2). It should be noted that informing employee representatives about the economical performance of the company is stipulated in the Act on Co-operation within Undertakings (1978/725), although the PWC study (Brewster et al. 1994b) interestingly found that there was not too much difference with regard to the matter between the companies operating in those countries where this was stipulated by law and those operating in countries where the law did not exist.

The questions related to teamwork designed to produce a more independent work performance and the incentive and profit sharing systems currently in use are included. Teamwork is mentioned in the report of the High Level Group (CEC 1998a) as well as in the European Declaration of Businesses against Social Exclusion.

Financial participation is mentioned in the Green Paper on modernisation of work organisation (CEC 1997) and on the Green Paper on the European framework for CSR (2001b). Furthermore, it is one of the possible topics to be included in the European social index suggested by CSR Europe (2000d). Financial participation and performance related pay also feature in the analysis of the relevance of the CSR-database (2001a) case studies to the four pillars of the European employment guidelines.

## **5 Security in Employment**

The Green Paper on the European framework for CSR (2001b) devoted a chapter on restructuring and adapting to change. The Green Paper on modernisation of work

organisation (1997) introduced a new balance between security and flexibility. This balance includes flexible working times which would both give an employer more flexibility and also benefit employees, in the form of a better balance between the work and private commitments.

Job security or "restructuring in a socially responsible manner" is a concern of the High Level Group (CEC 1998a) as well as the Green Paper on modernisation of work organisation (CEC 1997), the Green Paper on the European framework for CSR (2001b) and the European Declaration of Businesses against Social Exclusion (1995) and the European assessment of 46 companies' performance on social and employment issues (CSR Europe 2000d). It is also mentioned in the CSR Europe (2001a) analysis of the relevance of the CSR-database case studies to the four pillars of the European employment guidelines. In parallel, the Business Impact Task Force (2000a and 2000b) recommends companies should implement proper employee protection/development programmes in the event of mergers or restructuring resulting in downsizing (Table 2.11). In Finland, the problem of unemployment has been particularly severe (see section 3.3.2.1 Chapter 3). In the early 1990s, the Finnish economy suffered its deepest and longest recession since the Second World War (Vanhala 1995) and within a few years nearly half-a-million net jobs were lost. Furthermore, the atypical employment model has become more widespread. Legislation related to the issue is presented in the section 3.4.6 Chapter 3. The questions here are centred on the procedures implemented when the number of employees or working hours is reduced on the economical grounds or on the basis of reasons related to the production. Questions related to the number of atypical workers and their treatment is included, since these groups are expected to feel more insecurity at work (see section 3.3.2.2, 3.4.6 and 3.6.3 Chapter 3).

## **6 Employee Well-being and Work Ability**

Health and safety is documented as an important issue in the Green Paper (1997) on modernisation of the organisation of work, in the High Level Group report (1998a) on management of change as well as in the Green Paper on the European framework for CSR (2001b). The CSR Europe (2001a) analysis of the relevance of the CSR-database case studies to the four pillars of the European employment guidelines includes providing personal assistance to employees by offering services such as psychological counselling, and healthy living programmes. Furthermore, the Business Impact Task Force (2000b) recommends that companies should run health and fitness programmes for staff. Health

and Safety is also documented in the CSR Europe (2000c) and the Business Impact Task Force (2000a) performance indicators.

Health and safety is one of the most regulated areas of HRM in Finland (see Chapter 3). However, employee well-being along with work-related stress, exhaustion at work, work ability and burn-outs are all topics which have recently been under intensive discussion in Finland (see section 3.6.4 Chapter 3). The employees' ability to cope with work is further stressed by the fact the Finnish Government has started an 'Ageing Programme' and 'Well-being at Work Programme' (section 3.5.1 Chapter 3). The focus here is on voluntary programmes and activities aimed at promoting employees' work ability. In Finland, activities related to promoting and maintaining work ability (*TYKY-toiminta*) are broadly defined and in addition to individual well-being, cover issues such as work organisation, work community as well as working conditions. The list of actions is combined by looking at previous studies (for example Peltomäki et al. 1999) and paying attention to the tetraedri-model of work ability activities (see Figure 3.6 Chapter 3).

## **7 Equal Opportunities**

Equal opportunities and diversity at work are increasingly important issues when it comes to CSR. It was mentioned as a separate issue in the European Council appeal (2000a) and it is also one of the main pillars of the European employment strategy. Non-discrimination in staff recruitment, development and promotion on the basis of race, gender, age, religion etc are stressed in all the background documents. The questions therefore focus on general action plans, or codes of practice and other measures used by the companies in order to combat discrimination and whether the companies monitor the number of females, older people, ethnic minorities or different nationalities as well as people with disabilities in recruitment, education and promotion. Diversity training is mentioned in the CSR Europe selection of business case studies with regard to European Employment Strategy (CSR Europe 2001a) and surveys on equality by the Business Impact Task Force (2000a).

In the piloting phase, one of the indicators of the CSR Europe study on European Companies' Performance on Social and Employment Issues (2000d) was 'number of ethnic minorities'. This, however, was deleted due to the fact that the concept differs from country to country and in some countries it is not an issue. In Finland, although the number of immigrants is on the increase, it should be noted that the labour market remains relatively cohesive, because of the proportion of temporary workers has been low prior to the EU

accession and refugees have so far played an insignificant role in the labour market (Vanhala 1995, see section 3.3.2.5 Chapter 3). Therefore, in this context, it was considered clearer to use here a combination of terms 'immigrants/ethnic minorities' referring both to those who have moved from abroad to Finland, as well as to domestic ethnic minorities, such as Romanies (see for example Jaakkola 1999).

Instead, Western type gender-based segregation of labour characterises the Finnish labour markets, both vertically and horizontally (Vanhala 1995, Lehto and Sutela 1999, Ojala 2000, Ministry of Labour 2000a, 2001a and 2002a, see section 3.3.2.2 Chapter 3). Therefore special attention is paid to efforts to balance gender structure, percentage of women in the workforce as well as their position in the decision-making.

## **8 Work-life Balance**

A better balance between work, family and leisure is documented by the CSR Europe (CSR Europe 2000b), the Business Impact Task Force (2000a and 2000b) and the Green Paper on the European framework for CSR (2001b). Reconciling working life and family life is mentioned as an important target in the Green Paper (CEC 1997) as well as the European Council's Conclusion in Lisbon (2000a). The CSR Europe (2001a) analysis of the relevance of the CSR-database case studies to the four pillars of the European employment guidelines includes introducing flexible working time arrangements.

Many of the issues related to work-life balance have already been addressed by Finnish legislation and collective agreements (see section 3.4.9 Chapter 3). These include paid maternity/paternal and paternity leave as well the right of an employee to a career break up to when child reaches three years without finishing the employment contract as well as the employer's obligation to offer a part-time job to an employee having children less than seven-year-old. Furthermore, the Act on Children's daycare (1976/36) stipulates that every child less than seven-year-old has to be offered municipal daycare. Therefore, the questions here are centred on flexibility of the working times in accordance with the employee's private and family commitments. A question is devoted to assess if any of the companies are involved in organising free or subsidised child care services or offering better maternity or parental leave benefits than stipulated in law and collective agreements.

## **9 Employment Policy and Integration on Groups Experiencing Difficulties on the Labour Markets**

The Green Paper on the European framework for CSR (CEC 2001b) argues that "responsible recruitment practices could facilitate the recruitment of people from ethnic minorities, older workers, women and the long-term unemployed and people at disadvantage". The European Declaration of Businesses against Social Exclusion (1995) pays special attention to the integration of these groups. The Green Paper (1997) devotes special headings to promoting employment of immigrants and ethnic minorities as well as people with disabilities. In the assessment of European companies performance on social and employment issues, the CSR Europe (2000d) recommends the business to actively promote the recruitment of young or long term unemployed people.

The questions in this section focus on employability issues and integration of groups experiencing difficulties in the labour markets in terms of internal policies and recruitment of the companies whereas external projects are outside the scope of the study. The questions focus on groups such as university and college leavers, the long-term unemployed, the low skilled, older people, immigrants and ethnic minorities and disabled people.

## **10 Reporting and Measuring Policies**

One of the aims of the campaign on CSR inaugurated in November 2000 was to encourage companies to voluntary reporting (see section 2.5.3 Chapter 2). The High Level Group (CEC 1998a) recommended big companies should produce a Management of Change Report which should include a wide variety of employment related issues. Voluntary guidelines released at the first European Convention on CSR in Brussels aim at promoting companies' social disclosure. Furthermore, the Commission communication (CEC 2001a) for a European Strategy for Sustainable Development, invited all publicly quoted companies with at least 500 staff to publish a 'triple bottom line' in their annual reports that measures their performance against economic, environmental and social criteria.

The questions in this section therefore aim at establishing whether the companies report publicly on their HRM policies and the channels in use, as well as the main driving forces or impediments to public disclosure. Questions related to the process of measuring the performance of HRM policies as well as whether the company has applied any related standards or received awards with regard to its policies at workplace are also included.

These are all mentioned in the High Level Group (1998a) Management of Change Report, the CSR Europe voluntary guidelines for reporting as well as by the Business Impact Task Force's (2000a) process steps on reporting.

## **11 Further Comments**

This question inquiring further comments was included to provide the respondents an opportunity to express their opinion on the survey, or add whatever additional information they feel appropriate.

### **4.2.6 Piloting Questions**

As suggested by Sudman and Bradburn (1982) it is always useful before creating new questions to search ones on the same topic that have been asked by other researchers. Consequently a number of earlier surveys were assessed when defining the questions. Examples are the PWC survey on Policy and Practice in European Human Resources Management carried out in 1992 in a number of European countries, including Finland (Brewster and Hegewisch 1994), the Finnish Ministry of Labour study on functional flexibility and workplace success (Anttila and Ylöstalo 1999), the Finnish Ministry of Labour Study study on immigrants and ethnic minorities in working life (Jaakkola 2000), the Confederation of Finnish Industry and Employers (2000) study on personnel training and the questionnaire used by the SAM group in context of the Dow Jones Sustainability Index (SAM 2001).

The questionnaire was pre-tested by Director Human Resources Pekka Lehtinen from UPM-Kymmene Jämsä River Mills, a company having 1,700 employees on its payroll. In addition, the survey was sent to 25 companies in foreign ownership and therefore removed from the actual sample. These companies were asked to comment and/or complete the questionnaire for testing purposes. Four companies, Starkki, Shell, Flextronics International Finland and Lohja Rudus commented the survey. The commentators were doubtful about the length of the survey as well as amount of questions requiring quantitative information. On the other hand, they also considered the questions to be clear and logical and not too difficult to answer. A total four companies, UPM-Kymmene Jämsä River Mills, Salcomp, IBM Finland and Canon Finland completed the survey. The questionnaire was reassessed after this and any question not considered essential was omitted, and some minor modifications and fine tuning were made to the questions.

Finally, when approaching the actual sample the survey was sent first to the 201 to 205 biggest companies of the target population of which two completed it. Three companies of different size and structure representing both the manufacturing and the service sector were interviewed face to face. Since no essential changes were made at this stage, these companies were included in the sample. A few questions which were modified were sent back to the piloting companies in order to obtain fully completed surveys from this group as well.

### **4.3 THE PERSONAL INTERVIEWS AND RESULTS**

#### **4.3.1 Contacting the Target Group**

The interviews were conducted with companies having a minimum of 1,500 employees on their payroll. An email inquiring about the contact information of the person responsible for personnel/HR affairs at the group level was first sent to the communication unit of a company or to any contact address given by a company on its respective web-site. The next step was to contact the target person directly by email asking for an interview and explaining the aims and objectives of the research, how the company was selected for the survey and promising full confidentiality (see Oppenheim 1992). The questionnaire was attached to the email. Advance warning was given about the forthcoming telephone call in which the practical details about the date and location of the interview were to be fixed. An average interview lasted one and half hours.

Fifty companies (63%) in this group agreed to be interviewed. Of those, three participants returned the survey by post, for a variety of ‘force majeure’ reasons, sick leave being one. Reasons for declined participation, provided by those who were reached by telephone or answered by email, are listed in Table 4.3.

**Table 4.3 Reasons for Declined Participation**

According to Oppenheim (1992), all survey data must be treated as confidential, in the sense that only the researcher will have access to it, and steps must be taken to ensure that no information is published about identifiable persons or organisations without their permission. Therefore, a statement for confidentiality was included in the email providing an advance warning. Furthermore, in order to "overcome possible apprehensions" (op.cit.), an explicit promise of confidentiality was repeated at the start of each interview (see for example Hague 1993). It was agreed with the participants that no company or individual respondent would be quoted by name and no individual comment should be recognisable.

The participants also expressed concern over the fact that a number of industries are presented only by one to three companies in the selected target population, and consequently any reference to a specific sector would risk a respondent company to be directly recognisable to the Finnish audience. Therefore, the main divisions when interpreting the results should be between the manufacturing and the service sectors whereas a special care should be taken in case a reference is made to a more specific industry or other characteristics. This is particularly relevant in a small country like Finland where the number of big companies, especially when the survey was addressed at the group level, is limited and their characteristics well known among the general public.

Four respondents (8%) refused their consent to include the company name into the thesis in the form of acknowledgements for the participants. A further five (10%) were hesitant, and stressed that "absolute confidentiality should be the leading principle" and "no risk of recognition should be taken". Conversely, three companies commented that they had "nothing to hide" and the remainder were satisfied with the promise that "no company or respondent should be recognised by their individual responses".

The decision to omit the list of participants was made due to the fact that not all respondents permitted their name to be included. Due to the narrow definition of the target population there was not considered to be any need for such a list (see section 4.2.1). Furthermore, the absence of such a list was considered to allow more freedom for the analysis and interpretation of the survey results. The decision was supported by the apparent difficulties to include the four companies willing to stay anonymous within the respondents. This, because providing the organisational details for all the respondents as a group would automatically enable these four to be calculated from the original list. Another factor affecting the decision was the consistency with the parallel postal survey,



since as many as eight (24%) respondents in this group declined their consent (see Chapter 5).

Owing that the survey focuses on corporate HRM in Finland, two companies are represented by their Finnish subsidiary, which in practical terms has all of the organisation's employees in Finland on its payroll. Furthermore, two other respondents with particularly complicated structures, comprising of several company groups within one company, are represented by the largest group. In each case the respondent organisation had at least two thirds of the whole company's employees on its payroll.

### 4.3.2 Details of the Participants

Personnel/HR director was the most common title (24, 48%) with regard to those who agreed to be interviewed. A further ten (20%) respondents were personnel/HR managers.

**Table 4.4 Titles of Respondents**

	No.	%
Personnel/HR director	24	<b>48</b>
Personnel/HR manager	10	<b>20</b>
Administrative and personnel/HR director	4	<b>8</b>
Development manager	3	<b>6</b>
HR and communication director	3	<b>6</b>
Administrative director	3	<b>6</b>
Planning manager	1	<b>2</b>
Administrative manager	1	<b>2</b>
Financial director	1	<b>2</b>
All	50	<b>100</b>

Thirty-two participating companies (64%) were quoted at the Helsinki stock exchange. In addition, the group of participants included four state-owned companies (8%) and four (8%) belonged to the group co-operative/mutual society/association. The group 'other limited company' comprised ten participants (20%) and includes, apart from the others, family owned companies.

With regard to the number of people employed by the company, 15 respondents (30%) had more than 10,000 people on their payroll. The majority of the respondents (27, 54%) had less than 5,000 employees on their payroll. The remaining eight fell in the category of 5,000-10,000 employees. Table 4.5 shows that the division between companies of different size groups corresponds roughly with the division within the target population. However, it should be noted that the share of respondents employing more than 10,000 people is higher

within the participants than within the population. Correspondingly, the share of other two categories is slightly lower than in the target population.

**Table 4.5 Participation in Accordance with the Number of Employees**

	Number of participants	% of the participants	% of the population
>10, 000	15	<b>30</b>	23
5,000-10,000	8	<b>16</b>	20
1,500 – 4, 999	27	<b>54</b>	57
Total	50	<b>100</b>	100

Twenty-two (44%) respondents employed 80% or more of their employees in Finland. Furthermore, a total 37 (74%) employed 50% or more of their employees in Finland. The percentages are shown in Table 4.6.

**Table 4.6 Proportion of Employees Located in Finland**

% of employees located in Finland	Number of cases	% of the respondents
80 or over	22	<b>44</b>
50-79	15	<b>30</b>
20-49	9	<b>18</b>
Less than 20	4	<b>8</b>
All	50	<b>100</b>

Within the respondents, the manufacturing sector was dominant. The division between the manufacturing sector and the service sector are 33 (66%) and 17 (34%) respectively. This corresponds roughly with the division between manufacturing and services in the target population, being 63% for manufacturing and 37% for services. The response rate within the manufacturing sector was 66% and within the service sector 59%. The respondents in accordance with a more specific industry together with each industry's relative share of the total number of respondents, as well as of the target population, are presented in Table 4.7.

**Table 4.7 Respondents in Accordance with the Industrial Sector**

	Number of participants	% of participants	% of the population
Business, consumer and telecom services	5	<b>10</b>	10
Chemicals and plastics	2	<b>4</b>	6
Construction/materials	3	<b>6</b>	4
Electronics	3	<b>6</b>	4
Energy	2	<b>4</b>	3
Financial services	2	<b>4</b>	5
Food, drinks	5	<b>10</b>	8
Furniture/textiles	2	<b>4</b>	4
Paper, packaging, other forest products	4	<b>8</b>	6
Media	3	<b>6</b>	5
Mining,metals, metal products	6	<b>12</b>	14
Multisector	4	<b>8</b>	13
Transport and forwarding	3	<b>6</b>	8
Wholesale and retail trade	6	<b>12</b>	11
All	50	<b>100</b>	100

Thirty-one (62%) companies were dominated by manual workers (more than 50%), at five companies (10%) the proportions were even and the remaining 14 (28%) were dominated by clerical staff. In four service sector companies all the employees were classified as clerical staff. One company commented that "the division to different staff categories is already old-fashioned" and that "part of social responsibility is to call everybody equally as an employee".

#### **4.3.3 Values, Principles and Policies**

##### **Definition of Values, Principles and Policies; Questionnaire Reference – Appendix G, Section 2, No. 1**

Common values, a vision and a mission were all defined in a written form by at 43 (86%) organisations. Within the manufacturing sector 28 (85%) claimed to have all these in a written form and within the service sector this was the case with 15 respondents (88%). Only one manufacturing sector respondent had none of these in a written form.

Twenty-two respondents (44%) maintained that they have defined either broad ethical code/principles or principles for SR, or both, in a written form. Within the manufacturing sector 14 respondents (42%) provided an affirmative response to either one or two of these whereas within the service sector this was the case with eight (47%) respondents. Eleven respondents (22%) had defined both. Of those 11, eight were representatives of the manufacturing sector, typically large multinational companies having more than 10,000 employees on payroll.

Five respondents explained that their principles for SR had been defined very recently; they had either just come out in print or were at a final draft stage. A service sector participant explained that the company is currently participating in a project funded by the EU with the aim of creating ethical principles for the company. Furthermore, as many as 15 companies (30%) had included either ethical or SR principles in their future plans. A manufacturing sector respondent, who had defined neither of these parameters, commented that "social responsibility in a society like Finland is largely implemented by other actors than companies".

A personnel or HR strategy was in a written form at 39 (78%) companies. Details for this question and division between the manufacturing and the service sector are presented in Tables 4.8, 4.9 and 4.10.

**Table 4.8 Values and Principles Defined, All Respondents**

	n	Written		Unwritten		In future plans		No		Don't know	
		No.	%	No.	%	No.	%	No.	%	No.	%
Common values	50	46	<b>92</b>	3	<b>6</b>	1	<b>2</b>	0	<b>0</b>	0	<b>0</b>
Vision	50	46	<b>92</b>	3	<b>6</b>	1	<b>2</b>	0	<b>0</b>	0	<b>0</b>
Mission/business idea	50	46	<b>92</b>	3	<b>6</b>	1	<b>2</b>	0	<b>0</b>	0	<b>0</b>
Broad ethical codes/principles	50	17	<b>34</b>	8	<b>16</b>	10	<b>20</b>	15	<b>30</b>	0	<b>0</b>
Principles for SR	50	16	<b>32</b>	10	<b>20</b>	11	<b>22</b>	12	<b>24</b>	1	<b>2</b>
Personnel/HR strategy	50	39	<b>78</b>	4	<b>8</b>	3	<b>6</b>	3	<b>6</b>	1	<b>2</b>

**Table 4.9 Values and Principles Defined, Manufacturing Sector**

	n	Written		Unwritten		In future plans		No		Don't know	
		No.	%	No.	%	No.	%	No.	%	No.	%
Common values	33	31	<b>94</b>	2	<b>6</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
Vision	33	30	<b>91</b>	2	<b>6</b>	1	<b>3</b>	0	<b>0</b>	0	<b>0</b>
Mission/business idea	33	29	<b>88</b>	3	<b>9</b>	1	<b>3</b>	0	<b>0</b>	0	<b>0</b>
Broad ethical codes/principles	33	12	<b>36</b>	7	<b>21</b>	5	<b>15</b>	9	<b>27</b>	0	<b>0</b>
Principles for SR	33	10	<b>30</b>	8	<b>24</b>	6	<b>18</b>	8	<b>24</b>	1	<b>3</b>
Personnel/HR strategy	33	25	<b>76</b>	3	<b>9</b>	2	<b>6</b>	2	<b>6</b>	1	<b>3</b>

**Table 4.10 Values and Principles Defined, Service Sector**

	n	Written		Unwritten		In future plans		No		Don't know	
		No.	%	No.	%	No.	%	No.	%	No.	%
Common values	17	15	<b>88</b>	1	<b>6</b>	1	<b>6</b>	0	<b>0</b>	0	<b>0</b>
Vision	17	16	<b>94</b>	1	<b>6</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
Mission/business idea	17	17	<b>100</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
Broad ethical codes/principles	17	5	<b>29</b>	1	<b>6</b>	5	<b>29</b>	6	<b>35</b>	0	<b>0</b>
Principles for SR	17	6	<b>35</b>	2	<b>12</b>	5	<b>29</b>	4	<b>24</b>	0	<b>0</b>
Personnel/HR strategy	17	14	<b>82</b>	1	<b>6</b>	1	<b>6</b>	1	<b>6</b>	0	<b>0</b>

Apart from the parameters listed in the question, the respondents mentioned the following additional issues:

- a written personnel/HR policy,
- an environmental policy,
- a quality policy,
- a quality certificate,
- an equal opportunities programme,
- an age programme,
- a programme against drugs and alcohol abuse.

### **Participation of the Employees; Questionnaire Reference – Appendix G, Section 2, No. 2**

The large majority of the respondents claimed that employees had participated in the process of defining common values, this being the case in 35 (76%) of those 46 companies who had defined the common values in a written form. At 18 companies staff had

participated widely, whereas in 17 only staff representatives had participated. The figures were notably lower with regard to staff participation in creating a vision and a mission. Only 20 (43%) respondents maintained that their staff had participated in defining a vision and 16 (35%) in defining a mission. No more than two respondents argued that staff had participated widely in the process of defining a vision and two that staff participated widely in creating a mission. Within the service sector the share of companies in which staff participated in defining these parameters was slightly higher. It should be noted that one respondent had not even informed their employees about the corporate vision and a further three had not informed staff about the corporate mission.

The employees participated in defining broad ethical code/principles in nine companies (53%) and in defining principles for social responsibility in seven (44%) companies. Two respondents stated that employees participated widely in the process of creating principles for social responsibility whereas in the case of broad ethical code/principles in each case only the representatives of employees participated. The share of companies in which the employees participated in the process was higher within the service sector than within the manufacturing sector.

At 23 (59%) companies the employees participated in defining personnel or HR strategy. Four of those stated that employees had participated widely in the process and the remaining 19 maintained that representatives of employees had participated. Employee participation was once again more common within the service sector than within the manufacturing industry. Tables 4.11, 4.12 and 4.13 show the detailed responses for this question. The figures for participation have only been calculated for those, who had the parameter requested in a written form.

**Table 4.11 Participation of Employees in Defining Values and Principles, All Respondents**

	n	Staff participated				Staff did not participate				Don't know	
		No.	%	No.	%	Staff were informed		Staff were not informed		No.	%
Common values	46	18	39	17	37	10	22	0	0	1	2
Vision	46	2	4	18	39	24	52	1	2	1	2
Mission/business idea	46	2	4	14	30	24	52	3	7	3	7
Broad ethical code/principles	17	0	0	9	53	7	41	0	0	1	6
Principles for SR	16	2	13	5	31	7	44	0	0	2	13
Personnel/HR strategy	39	4	10	19	49	15	38	0	0	1	3

**Table 4.12 Participation of Employees in Defining Values and Principles, Manufacturing Sector**

	n	Staff participated				Staff did not participate				Don't know	
		Widely		Representatives		Staff were informed		Staff were not informed		No.	%
	No.	%	No.	%	No.	%	No.	%	No.	%	
Common values	31	11	<b>35</b>	11	<b>35</b>	8	<b>26</b>	0	<b>0</b>	1	<b>3</b>
Vision	30	1	<b>3</b>	11	<b>37</b>	17	<b>57</b>	1	<b>3</b>	0	<b>0</b>
Mission/business idea	29	1	<b>3</b>	9	<b>31</b>	16	<b>55</b>	1	<b>3</b>	2	<b>7</b>
Broad ethical code/principles	12	0	<b>0</b>	5	<b>42</b>	6	<b>50</b>	0	<b>0</b>	1	<b>8</b>
Principles for SR	10	1	<b>10</b>	2	<b>20</b>	5	<b>50</b>	0	<b>0</b>	2	<b>20</b>
Personnel/HR strategy	25	3	<b>12</b>	8	<b>32</b>	13	<b>52</b>	0	<b>0</b>	1	<b>4</b>

**Table 4.13. Participation of Employees in Defining Values and Principles, Service Sector**

	n	Staff participated				Staff did not participate				Don't know	
		Widely		Representatives		Staff were informed		Staff were not informed		No.	%
	No.	%	No.	%	No.	%	No.	%	No.	%	
Common values	15	7	<b>47</b>	6	<b>40</b>	2	<b>13</b>	0	<b>0</b>	0	<b>0</b>
Vision	16	1	<b>6</b>	7	<b>44</b>	7	<b>44</b>	1	<b>6</b>	0	<b>0</b>
Mission/business idea	17	1	<b>6</b>	5	<b>29</b>	8	<b>47</b>	2	<b>12</b>	1	<b>6</b>
Broad ethical code/principles	5	0	<b>0</b>	4	<b>80</b>	1	<b>20</b>	0	<b>0</b>	0	<b>0</b>
Principles for social responsibility	6	1	<b>17</b>	3	<b>50</b>	2	<b>33</b>	0	<b>0</b>	0	<b>0</b>
Personnel/HR strategy	14	1	<b>7</b>	11	<b>79</b>	2	<b>14</b>	0	<b>0</b>	0	<b>0</b>

**The Way Personnel/HR Management is Organised; Questionnaire Reference – Appendix G, Section 2, No. 3, 4 and 5.**

As many as 48 respondents (96%) maintained that they have a unit co-ordinating personnel or HR policies at the upper corporate level. The remainder, two manufacturing sector respondents explained the role of the unit to be as more consultative whereas all the service sector respondents provided an affirmative answer.

Thirty-seven respondents (74%) had a full-time personnel/HR director, whereas ten had another director taking care of personnel or human resources matters in addition to their usual duties. Furthermore, three companies claimed that the main responsibility of the corporate personnel/HR affairs was with a full time personnel/HR manager.

**Table 4.14 The Person Responsible for the Personnel or HR Affairs**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Full time HR/personnel director	50	37	<b>74</b>	24	<b>73</b>	13	<b>76</b>
Other director is responsible for HR/personnel affairs	50	10	<b>20</b>	6	<b>18</b>	4	<b>24</b>
Other; full time HR/personnel manager	50	3	<b>6</b>	3	<b>9</b>	0	<b>0</b>

Of those 37 companies which had a full-time personnel/HR director, at 26 (70%) he or she was represented at the group executive board as well. Within the service sector at eight

(62%) companies the HR or personnel director was represented at the board and within the manufacturing sector the corresponding number was 18 (75%). At two companies the deputy managing director was responsible for HR or personnel affairs at the executive board of the company. Further two respondents explained that the full time personnel or HR director was invited to the executive board when needed as a role of reporter. At the remaining seven companies HR or personnel affairs were represented at the board by another director such as an administration director, a finance director or a development director etc.

### **The Main Principles or Objectives of the Personnel/HR Policy; Questionnaire Reference – Appendix G, Section 2. No. 6.**

With regard to the main objectives or principles of the personnel/HR policy the most often referred to subject areas were first of all ‘staff competence and development’ (36, 72%), ‘employee motivation, challenge and stimulating work environment’ scoring second highest (17, 34%) and ‘right resources, attracting and retaining talents or developing the employer image’ as the third (14, 28%). The details for this question can be seen in Table 4.15. Only those items, which gained more than one mention are listed.

**Table 4.15 The Main Principles or Objectives of the Personnel/HR Policy**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Competence and development	50	36	<b>72</b>	23	<b>70</b>	13	<b>76</b>
Motivation, challenge, incentives	50	17	<b>34</b>	10	<b>30</b>	7	<b>41</b>
Resourcing, attracting and retaining talent, developing the image of the company as an employer	50	14	<b>28</b>	7	<b>21</b>	7	<b>41</b>
Employee well-being	50	12	<b>24</b>	5	<b>15</b>	7	<b>41</b>
Pay and benefits	50	9	<b>18</b>	6	<b>18</b>	3	<b>18</b>
The personnel/HR policy supports business operations	50	6	<b>12</b>	2	<b>6</b>	4	<b>24</b>
Results, quality and productive working	50	6	<b>12</b>	6	<b>18</b>	0	<b>0</b>
Work community, co-operation, trust	50	5	<b>10</b>	1	<b>3</b>	4	<b>24</b>
Low turnover rates, long work contracts, secure employer	50	5	<b>10</b>	4	<b>12</b>	1	<b>6</b>
Leadership skills	50	5	<b>10</b>	3	<b>9</b>	2	<b>12</b>
Justness, transparency	50	4	<b>8</b>	3	<b>9</b>	1	<b>6</b>
Employee participation and communication	50	4	<b>8</b>	3	<b>9</b>	1	<b>6</b>
Promote the commitment of personnel to the corporate values	50	3	<b>6</b>	2	<b>6</b>	1	<b>6</b>
Equal treatment	50	3	<b>6</b>	2	<b>6</b>	1	<b>6</b>
Respect	50	2	<b>4</b>	2	<b>6</b>	0	<b>0</b>
Decision making near to the people	50	2	<b>4</b>	2	<b>6</b>	0	<b>0</b>

In addition the following objectives or principles received a single individual support:

- to be a trailblazer,
- mobility,

- possibilities for career development,
- honest and hard work,
- employees' pride of their work,
- continuous renewal,
- basic belief is that people want to do their best,
- consistency and credibility,
- bearing the responsibility,
- to behave like respectable people,
- compliance with legislation and collective agreements.

#### **4.3.4 Training and Staff Development**

##### **Principle of Lifelong Learning; Questionnaire Reference – Appendix G, Section 3, No. 1**

The principle of life-long learning was accepted as one of the aims of the personnel/HR management function at all the respondent companies. Thirty-one (62%) stated that this is an explicitly stated aim and the remaining 19 (38%) explained that this has been accepted more implicitly. Within the manufacturing sector the corresponding figures were for explicitly stated aim 21 (64%) and for implicit aim 12 (36%). Within the service sector the figures were ten (59%) for the explicit acceptance and seven (41%) for an implicit acceptance.

##### **Aim of Securing the Employability of an Employee; Questionnaire Reference – Appendix G, section 3, No. 2.**

All respondents considered the principle of educating an employee in the way that his or her employability would be secured for all his/her working life as important. Thirty-seven (64%) companies considered the principle of employability as very important and 13 (26%) as fairly important. In the manufacturing sector 'very important' scored slightly higher 26 (79%) companies considering the principle of employability as very important and seven (21%) as fairly important. In the service sector the corresponding figures were 11 (65%) for very important and six (35%) for fairly important. Twelve companies commented, however, that they looked at 'employability' more from the company's own point of view with the aim at securing adaptable and multiple-skilled employees for the company itself. In this context a view that "in Finland, the society is the one who is



responsible for basic training and at least partly for supplementary training as well" was expressed.

### **Areas Where Education and Training is to be Stressed; Questionnaire Reference – Appendix G, Section 3, No. 2**

With regard to management and/or key personnel the areas of training collecting the highest scores were the 'people management and supervision' (45, 90%), the 'business administration and strategy' (34, 68%) and the 'management of change' (29, 58%). Other areas of importance were the 'marketing and sales', the 'co-operative and interactive skills' as well as the 'language and international skills'. An additional area for training mentioned was "finding the core competence and processes of the organisation and focusing them to work together".

As regards the clerical staff the areas of training which collected the highest scores were 'co-operative and interactive skills' (27, 54%), 'people management and supervision' (22, 44%) and 'customer service skills' (22, 44%). Other areas of importance were the 'management of change', the 'information technology' and the 'marketing and sales' as well as the 'language and international skills'.

With regard to the manual staff the highest scores were received by the 'co-operative and interactive skills' (27, 59%), 'technical skills' (23, 50%) and the 'quality' (22, 48%). Other areas of importance were the 'customer service skills' and the 'management of change'. An additional focus area of "maintaining the professional skills of an employee" was mentioned by two respondents. Another area added was "transfer to the organisation based on team-work and consequently development of multiple-skills". The details of these and division between manufacturing and service sector can be seen in Table 4.16, 4.17 and 4.18. It should be noted that four service sector respondents did not have any manual staff, and therefore the respective percentages have taken from total 46 companies instead of 50.

**Table 4.16 The Areas of Training Focused During the Next Three Years, All Respondents**

	n	Management and/or key personnel		Clerical		Manual	
		No.	%	No.	%	No.	%
People management and supervision	50	45	<b>90</b>	22	<b>44</b>	0	<b>0</b>
Business administration and strategy	50	34	<b>68</b>	6	<b>12</b>	1	<b>2</b>
Management of change	50	29	<b>58</b>	17	<b>34</b>	13	<b>28</b>
Information technology	50	1	<b>2</b>	14	<b>28</b>	8	<b>17</b>
Technical skills	50	0	<b>0</b>	6	<b>12</b>	23	<b>50</b>
Quality	50	3	<b>6</b>	4	<b>8</b>	22	<b>48</b>
Marketing and sales	50	8	<b>16</b>	13	<b>26</b>	4	<b>9</b>
Customer service skills	50	3	<b>6</b>	22	<b>44</b>	15	<b>33</b>
Health and safety	50	0	<b>0</b>	2	<b>4</b>	8	<b>17</b>
Co-operative and interactive skills	50	10	<b>20</b>	27	<b>54</b>	27	<b>59</b>
Language and international skills	50	11	<b>22</b>	10	<b>20</b>	5	<b>11</b>
Environment	50	0	<b>0</b>	0	<b>0</b>	1	<b>2</b>
Other	50	1	<b>2</b>	1	<b>2</b>	3	<b>7</b>

**Table 4.17 The Areas of Training Focused During the Next Three Years, Manufacturing Sector**

	n	Management and/or key personnel		Clerical		Manual	
		No.	%	No.	%	No.	%
People management and supervision	33	28	<b>85</b>	18	<b>55</b>	0	<b>0</b>
Business administration and strategy	33	22	<b>67</b>	5	<b>15</b>	1	<b>3</b>
Management of change	33	20	<b>61</b>	9	<b>27</b>	7	<b>21</b>
Information technology	33	1	<b>3</b>	8	<b>24</b>	6	<b>18</b>
Technical skills	33	0	<b>0</b>	4	<b>12</b>	18	<b>55</b>
Quality	33	2	<b>6</b>	2	<b>6</b>	18	<b>55</b>
Marketing and sales	33	6	<b>18</b>	8	<b>24</b>	1	<b>3</b>
Customer service skills	33	2	<b>6</b>	12	<b>36</b>	8	<b>24</b>
Health and safety	33	0	<b>0</b>	1	<b>3</b>	6	<b>18</b>
Co-operative and interactive skills	33	6	<b>18</b>	19	<b>58</b>	21	<b>64</b>
Language and international skills	33	8	<b>24</b>	6	<b>18</b>	4	<b>12</b>
Environment	33	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
Other	33	0	<b>0</b>	1	<b>3</b>	3	<b>9</b>

**Table 4.18 The Areas of Training Focused During the Next Three Years, Service Sector**

	n	Management and/or key personnel		Clerical		Manual	
		No.	%	No.	%	No.	%
People management and supervision	17	17	<b>100</b>	4	<b>24</b>	0	<b>0</b>
Business administration and strategy	17	12	<b>71</b>	1	<b>6</b>	0	<b>0</b>
Management of change	17	9	<b>53</b>	8	<b>47</b>	6	<b>46</b>
Information technology	17	0	<b>0</b>	6	<b>35</b>	2	<b>15</b>
Technical skills	17	0	<b>0</b>	2	<b>12</b>	5	<b>38</b>
Quality	17	1	<b>6</b>	2	<b>12</b>	4	<b>31</b>
Marketing and sales	17	2	<b>12</b>	5	<b>29</b>	3	<b>23</b>
Customer service skills	17	1	<b>6</b>	10	<b>59</b>	7	<b>54</b>
Health and safety	17	0	<b>0</b>	1	<b>6</b>	2	<b>15</b>
Co-operative and interactive skills	17	4	<b>24</b>	8	<b>47</b>	6	<b>46</b>
Language and international skills	17	3	<b>18</b>	4	<b>24</b>	1	<b>8</b>
Environment	17	0	<b>0</b>	0	<b>0</b>	1	<b>8</b>
Other	17	1	<b>6</b>	0	<b>0</b>	0	<b>0</b>

**Proportion of Wages and Salaries Spent on Training; Questionnaire Reference – Appendix G. Section 3, No. 4**

Only 30 (60%) respondents provided the required information for this question. A further 20 (40%) were not able to give an estimate either because the training costs were not followed at the level the question addressed or the parameter was not accounted for at all. Four respondents provided the figure without the required wages and salaries spent during the training. Respondents, in general, regretted that the indicator did not reflect the modern forms of training which takes place largely by learning at work, e.g. by changing the tasks within the organisation or by a learning process which takes place when new technology is taken into use.

The details of those who provided the requested figure are presented in Table 4.19. Eighteen respondents (60%) estimated their costs on training to be somewhere between 1-4% of total annual wages and salaries, ten (33%) spending more than this and two (7%) less than this. The lowest two figures are for food and drinks industry, whereas three out of five of those which provided the highest figures can be characterised as ‘expert organisations’ being representatives of industries using new technology such as telecommunication services or media.

**Table 4.19 Proportion of Wages and Salaries Spent on Training in 2000**

% of wages	All			Manufacturing			Service		
	n	No.	%	n	No.	%	n	No.	%
<1	30	2	<b>7</b>	20	2	<b>10</b>	10	0	<b>0</b>
1-2	30	11	<b>37</b>	20	9	<b>45</b>	10	2	<b>20</b>
3-4	30	7	<b>23</b>	20	3	<b>15</b>	10	4	<b>40</b>
5-6	30	5	<b>17</b>	20	3	<b>15</b>	10	2	<b>20</b>
>6	30	5	<b>17</b>	20	3	<b>15</b>	10	2	<b>20</b>

**Proportion of Personnel which Participated in Training; Questionnaire Reference – Appendix G. Section 3, No. 5**

Thirty-two (64%) respondents provided the required parameter for this question. Within this group 26 (81%) claimed that 50% or more of their personnel participated in training in 2000. Here, the figures are in favour of the service sector. All this sector respondents claimed that at least 50% of their personnel had participated in training and 11 respondents (92%) stated that 80% or more participated. Within the manufacturing sector, 14 (70%) of the respondents stated that 50% or more of their staff participated in training and seven (35%) stated that more than 80% participated. In three manufacturing companies, representing industries such as food and drinks and mining, metal and metal products, less

than 20% of employees participated in company training. It should be noted, however, that this parameter does not tell how much training was provided for each member of staff.

**Table 4.20 Percentage of the Staff which Participated in Training**

% of personnel	All			Manufacturing			Service		
	n	No.	%	n	No.	%	n	No.	%
90 or more	32	15	<b>47</b>	20	7	<b>35</b>	12	8	<b>67</b>
80-89	32	3	<b>9</b>	20	0	<b>0</b>	12	3	<b>25</b>
50-79	32	8	<b>25</b>	20	7	<b>35</b>	12	1	<b>8</b>
20-49	32	3	<b>9</b>	20	3	<b>15</b>	12	0	<b>0</b>
10-19	32	3	<b>9</b>	20	3	<b>15</b>	12	0	<b>0</b>
<10	32	0	<b>0</b>	20	0	<b>0</b>	12	0	<b>0</b>

**Initial Training, Mentoring and Training for Special Needs; Questionnaire Reference – Appendix G, Section 3, No. 6**

Initial training for new recruits was organised by 48 (96%) respondents. Mentoring or guidance at work was provided for new recruits by 27 (54%) of the respondents whereas training for special needs was organised for new recruits in 28 (56%) companies. Mentoring was more often organised within the service sector (11, 65%) than within the manufacturing sector (16, 48%) whereas training for special needs for new recruits was more common in the manufacturing sector (20, 61%) than in services (8, 47%).

**Table 4.21 Training/guidance for New Recruits**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
Initial training	50	48	<b>96</b>	33	32	<b>97</b>	17	16	<b>94</b>
Mentoring/guidance	50	27	<b>54</b>	33	16	<b>48</b>	17	11	<b>65</b>
Training for special needs	50	28	<b>56</b>	33	20	<b>61</b>	17	8	<b>47</b>

Mentoring or guidance at work was organised for older people at 11 companies (22%), whereas training for special needs was provided for those at 24 companies (48%). One respondent commented that "here, we do not discriminate with this very sophisticated term of 'age management'. We update skills of every employee regardless of their age". Another respondent commented that she was "personally irritated about the widely spread viewpoint that all the ageing employees would be in a need of special guidance or training". Seven respondents provided additional information that they used the older employees as mentors in order to transfer their skills to the new generations.

**Table 4.22 Training/guidance for Ageing Employees**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
Mentoring/guidance	50	11	<b>22</b>	33	7	<b>21</b>	17	4	<b>24</b>
Training for special needs	50	24	<b>48</b>	33	16	<b>48</b>	17	8	<b>47</b>

Only four (8%) respondents organised mentoring for low skilled employees whereas training for special needs was more common, organised by 23 (46%) companies. Training for special needs of low skilled employees was more often provided within the manufacturing sector than within the service sector. The term low skilled by itself caused confusion among some respondents. Three companies commented that they do not have any employees which could be regarded as low skilled. Further five companies argued that no such group as low-skilled exist in Finland, or that representatives of this group can only be found among the older people, some of which have only passed through compulsory basic school. Reference was made to government policy to provide all school leavers with post-comprehensive education. On the contrary, a service sector respondent, more specifically a retail trade company, noted that the large majority of their employees have only passed through the compulsory basic school.

**Table 4.23 Training/guidance for Low-skilled**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
Mentoring/guidance	50	4	<b>8</b>	33	3	<b>9</b>	17	1	<b>6</b>
Training for special needs	50	23	<b>46</b>	33	17	<b>52</b>	17	6	<b>35</b>

### **Competence Appraisals, Development Discussions and Personal Development Plans; Questionnaire Reference – Appendix G, Section 3, No. 7a and b**

Forty-four (88%) respondents carried out competence appraisals. As many as 30 respondents claimed that they performed competence appraisals with all categories of staff. However, 11 of those specified that although the appraisals were not made selectively to any specific group they did not, as yet, cover the group as a whole. Further 14 organisations carried out competence appraisals only with certain staff categories. Seven of those explained that competence appraisals were carried out only with management, key personnel or potential future key persons, upper clerical staff and/or supervisors. Three respondents carried out competence appraisals only with clerical staff. Further three respondents carried competence appraisals only occasionally when a special need was observed. The remainder, one respondent, explained that the customers audited their production at least once in a year.

Regular development discussions were in use at all companies and as many as 40 (80%) carried them out with all staff categories. However, eight of those 40 specified that the development discussions did not currently cover the group as a whole. Further ten companies (20%) had development discussion only for certain staff categories. Four of these carried these out only with management, upper clerical staff and/or supervisors whereas the remainder, six, did this "as a rule" with clerical staff. Development discussions were more often carried out with all staff categories within the service sector than within the manufacturing sector.

Forty-six (92%) companies had personal development plans in use. These were made for all categories of staff at 28 organisations. Eight respondents within this group stated, however, that personal development plans did not cover the group as a whole. Eighteen respondents prepared personal development plans only for certain categories of staff. Within this group, nine companies prepared personal development plans only for management, key personnel, upper clerical staff and/or supervisors whereas a further eight respondents did this exclusively with clerical staff. The remainder, one respondent, explained that personal development plans were made only on an ad hoc basis when a special need was perceived. Personal development plans were made more often for all categories of staff within the service sector than within the manufacturing sector.

**Table 4.24 Competence Appraisals, Regular Development Discussions and Personal Development Plans, All Respondents**

	n	Yes, all categories of staff		Yes, but only certain staff categories		No but in future plans		No		Don't know	
		No.	%	No.	%	No.	%	No.	%	No.	%
Competence appraisals	50	30	<b>60</b>	14	<b>28</b>	3	<b>6</b>	3	<b>6</b>	0	<b>0</b>
Regular development discussions	50	40	<b>80</b>	10	<b>20</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
Personal development plans	50	28	<b>56</b>	18	<b>36</b>	0	<b>0</b>	4	<b>8</b>	0	<b>0</b>

**Table 4.25 Competence Appraisals, Regular Development Discussions and Personal Development Plans, Manufacturing Sector**

	n	Yes, all categories of staff		Yes, but only certain staff categories		No but in Future plans		No		Don't know	
		No.	%	No.	%	No.	%	No.	%	No.	%
Competence appraisals	33	19	<b>58</b>	9	<b>27</b>	3	<b>9</b>	2	<b>6</b>	0	<b>0</b>
Regular development discussions	33	24	<b>73</b>	9	<b>27</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
Personal development plans	33	15	<b>45</b>	15	<b>45</b>	0	<b>0</b>	3	<b>9</b>	0	<b>0</b>

**Table 4.26 Competence Appraisals, Regular Development Discussions and Personal Development Plans, Service Sector**

	n	Yes for all categories of staff		Yes, but only certain staff categories		No but in Future plans		No		Don't know	
		No.	%	No.	%	No.	%	No.	%	No.	%
Competence appraisals	17	11	<b>65</b>	5	<b>29</b>	0	<b>0</b>	1	<b>6</b>	0	<b>0</b>
Regular development discussions	17	16	<b>94</b>	1	<b>6</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
Personal development plans	17	13	<b>76</b>	3	<b>18</b>	0	<b>0</b>	1	<b>6</b>	0	<b>0</b>

**Job Rotation; Questionnaire Reference – Appendix G, Section 3, No. 8**

Job rotation between different units of the organisation was promoted by 42 respondents (84%). One respondent had not applied this parameter systematically but stated that all vacancies were to be applied for first by the already existing personnel. Thirty-four encouraged all categories of staff to rotate, whereas only certain categories of staff were encouraged to rotate at eight organisations. Of those eight, three encouraged exclusively clerical staff to rotate, two, the key personnel and one respondent specified that clerical as well manual staff at the factories were encouraged to rotate. One respondent promoted job rotation among certain vocational groups which were especially considered to be in need of broader knowledge. Finally, the remaining one had a special multiple-skilled group, which was used to balance the fluctuations in labour resources.

All staff categories were encouraged to rotate more often within the service sector than within the manufacturing sector. Nine respondents referred to difficulties in making the rotation work, the reason for this being the unwillingness of personnel to rotate. Details for this question are presented in Table 4.27.

**Table 4.27 Companies who Encourage their Staff to Rotate**

	n	All			Manufacturing		Services	
		No.	%	No.	%	No.	%	
Yes, all categories of staff	50	34	<b>68</b>	20	<b>61</b>	14	<b>82</b>	
Yes, but only certain staff categories	50	8	<b>16</b>	7	<b>21</b>	1	<b>6</b>	
No, but included in future plans	50	3	<b>6</b>	3	<b>9</b>	0	<b>0</b>	
No	50	5	<b>10</b>	3	<b>9</b>	2	<b>12</b>	
Don't know	50	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>	

**Formal Vocational Qualifications; Questionnaire reference – Appendix G, Section 3, No. 9**

Training related to specific needs of the organisation and aimed at achieving formal qualifications had been taken into use at 35 companies (70%). At 15 companies, this was available for all categories of staff and at 20 for certain categories of staff. The reference

was made to upper secondary vocational qualifications, apprenticeship schemes, leadership certificates, Master of Business Administration, as well as to doctoral theses. Those 20 who had taken formal vocational qualifications in use only for certain staff categories mentioned specific vocational groups, qualifications for upper clerical staff or management, MBAs for those with an academic degree, ageing people or other groups without adequate qualifications.

In addition, five respondents mentioned apprenticeship schemes, through which new employees were recruited. One company had, in co-operation with the employment authorities, planned a training course for new manual staff leading to formal vocational qualifications. In the future this course is to be used as a recruitment channel. Six companies mentioned that they had special vocational schools for new employees.

**Table 4.28 Training which Aims at Achieving Formal Vocational Qualifications**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Yes, for all categories of staff	50	15	<b>30</b>	10	<b>30</b>	5	<b>29</b>
Yes, but only for certain staff categories	50	20	<b>40</b>	12	<b>36</b>	8	<b>47</b>
No, but included in future plans	50	2	<b>4</b>	2	<b>6</b>	0	<b>0</b>
No	50	13	<b>26</b>	9	<b>27</b>	4	<b>24</b>
Don't know	50	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>

**Promotion of Studies on an Employee's own Accord; Questionnaire Reference – Appendix G, Section 3, No. 10**

Forty-four respondents (88%) maintained that they encouraged their staff to study on their own accord and use working time for this. However, it was generally commented that the subject area has to be useful from the point of view of the employer. "Belly dancing", "vocational studies with the aim of acquiring qualifications as a hairdresser" or "masters degree in music" were blacklisted. Five companies emphasised that employees are expected to use their own time as well.

Thirty-nine respondents encouraged all the staff to study on their own accord and use working time for this. Five respondents stated that they encouraged 'as a rule' clerical staff to use working time for studies on their own accord. At a further six organisations it was more appropriate for the employees to use their leisure for this. One respondent who ticked 'no' explained that "our employees used to be able to use working time for their studies, for example, for language studies, but currently everybody is too busy". Eleven



respondents provided additional information that they support an employee financially if his/her studies are considered to be useful for the company.

**Table 4.29 Companies which Encourage their Staff to Study on their Own Accord**

	n	All			Manufacturing		Services	
		No.	%		No.	%	No.	%
Yes, all the staff	50	39	<b>78</b>		23	<b>70</b>	16	<b>94</b>
Yes, but only certain staff categories	50	5	<b>10</b>		4	<b>12</b>	1	<b>6</b>
No, but in future plans	50	0	<b>0</b>		0	<b>0</b>	0	<b>0</b>
No	50	6	<b>12</b>		6	<b>18</b>	0	<b>0</b>
Don't know	50	0	<b>0</b>		0	<b>0</b>	0	<b>0</b>

**Participation of Employees with Atypical Contracts; Questionnaire reference – Appendix G, Section 4, No. 11**

Employees having a part-time contract participated in training on equal terms with the others at 21 (42%) companies, employees with fixed-term contract at 20 (40%) and other temporary employees at five (10%) companies. Within the service sector the figures were slightly higher for the participation of the employees with part-time and fixed-term contracts. It should be noted, however, that within the manufacturing sector the number of part-time employees was limited and other temporary employees rare (see section 5, question 1).

At five organisations (10%) part-timers did not participate in the training at all, whereas this was the case at three organisations (6%) for employees with a fixed term contract and at ten organisations (20%) for those having another temporary contract.

**Table 4.30 Participation of Employees with Atypical Contract**

	Yes, in equal terms			In accordance with supervisor		No		Don't know		N/A	
	n	No.	%	No.	%	No.	%	No.	%	No.	%
Part-time	50	21	<b>42</b>	23	<b>46</b>	5	<b>10</b>	0	<b>0</b>	1	<b>2</b>
Fixed-term	50	20	<b>40</b>	27	<b>54</b>	3	<b>6</b>	0	<b>0</b>	0	<b>0</b>
Other temporary	50	5	<b>10</b>	27	<b>54</b>	10	<b>20</b>	0	<b>0</b>	8	<b>16</b>

**Table 4.31 Participation of Employees with Atypical Contract, Manufacturing Sector**

	Yes, in equal terms			In accordance with supervisor		No		Don't know		N/A	
	n	No.	%	No.	%	No.	%	No.	%	No.	%
Part-time	33	13	<b>39</b>	15	<b>45</b>	4	<b>12</b>	0	<b>0</b>	1	<b>3</b>
Fixed-term	33	13	<b>39</b>	17	<b>52</b>	3	<b>9</b>	0	<b>0</b>	0	<b>0</b>
Other temporary	33	4	<b>12</b>	15	<b>45</b>	8	<b>24</b>	0	<b>0</b>	6	<b>18</b>

**Table 4.32 Participation of Employees with Atypical Contract, Service Sector**

	Yes, in equal terms			In accordance with supervisor		No		Don't know		N/A	
	n	No.	%	No.	%	No.	%	No.	%	No.	%
Part-time	17	8	<b>47</b>	8	<b>47</b>	1	<b>6</b>	0	<b>0</b>	0	<b>0</b>
Fixed-term	17	7	<b>41</b>	10	<b>59</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
Other temporary	17	1	<b>6</b>	12	<b>71</b>	2	<b>12</b>	0	<b>0</b>	2	<b>12</b>

**Training Opportunities Offered by the Organisations; Questionnaire reference – Appendix G, Section 4, No. 12.**

All respondents had offered training possibilities for students. Thirty-seven (74%) respondents stated that they have done this actively or even ‘very actively’. Five of those mentioned a special agreement with a university or college. Thirteen respondents (26%) stated that they have done this to some extent.

Thirty-nine respondents (78%) had offered training possibilities for college or university leavers. Nineteen organisations argued that they have done this actively and further 20 that they have done this to some extent. Three respondents explained that they regarded the training programmes for college or university leavers as an important channel for recruitment.

Seventeen (34%) companies have offered training possibilities for the long-term unemployed and 11 (22%) for the ageing unemployed. One service sector respondent had actively offered training opportunities for both of these groups and explained that this formed a part of the company’s social responsibility policies. A manufacturing sector respondent, who had offered training for both these groups, commented that experiences had "as a rule" been negative. With regard to the ageing unemployed, one respondent maintained that because of the benefit system, representatives of this group are not even trying to apply for a job.

"When they reach the age of 55 they are eligible for a continuous earning-related unemployment benefit until they reach the age of 60 and switch from this benefit to an unemployment pension and finally when they reach the age of 65 they will be eligible for an old age pension."

Thirteen respondents (26%) have organised training for immigrants or ethnic minorities, one considering that this has happened actively and further 12 maintaining that ‘to some extent’ is a more appropriate expression with regard to the case. Two respondents which declined to provide an affirmative answer to this question were operating mainly outside

the main cities of Finland and stated that the number of immigrants there is limited. Further three respondents explained that they have been contacted and either by labour administration or by individual immigrants and asked to provide training opportunities. In all cases it was not, however, convenient for the organisation at a given time. One respondent who ticked 'don't know' referred to the Act on Protection of Privacy in Working Life (2001/477) and commented that "in Finland you would end up to a prison if you started to keep records on ethnic minorities." He further explained that he had received a questionnaire from an UK based consultant and he had considered it as "very strange" since it started by requiring information about "Arabs or Muslims" currently employed by the company.

Ten organisations (20%) stated that they had organised training for people with disabilities, however, only one of these actively. One respondent commented that even if they had not offered training possibilities for people with disabilities as a group they would not "discriminate against representatives of this group if they applied for training programmes addressed to students". Three respondents argued that the work at their organisation "is not suitable for people with disabilities". This was explained to be "characteristic for a heavy process industry", one respondent specifying that "for safety reasons" they do not employ anybody under 18-year-old and consequently they cannot take in people with disabilities either. Furthermore, one manufacturing sector respondent explained that they had employed one disabled person on an experimental base, but "the work proved to be too difficult". One service sector respondent commented that they have never made any special effort to organise training for people with disabilities, but on the other hand nobody had ever contacted them and asked for training opportunities either.

Nine respondents (18%) have organised training for low-skilled employees, one of these actively. With regard to the low-skilled employees, reference was made to an introduction course or apprenticeship scheme for young people having only carried out the compulsory basic school or currently carrying out the voluntary tenth class of the nine-year compulsory basic school.

With regard to the long-term unemployed, the ageing unemployed, immigrants or ethnic minorities, people with disabilities or low-skilled people, only one service sector respondent had offered training possibilities for each of these group actively and two manufacturing sector respondents have offered training 'to some extent' for each of these group respectively. Twenty-six respondents (52%) did not provide an affirmative answer

with regard to any of these groups. Within the manufacturing sector this figure was 17 (52%) and within the service sector nine (53%).

Three companies stated that they could not take more people in due to the fact that they were currently reducing rather than increasing the workforce. With regard to the long-term unemployed, the ageing unemployed, immigrants or ethnic minorities, people with disabilities or the low skilled a comment was made that there has been "no perceived supply of these groups". Another respondent commented that colleges, universities as well as labour administrations could co-operate in training matters much more actively than they do at the moment: "We already offer training opportunities at our company, but we cannot take more trainees in without co-operation with other institutions".

**Table 4.33 Training Opportunities Offered by the Company, All Respondents**

	Yes, actively			Yes, to some extent		Included in future plans		No		Don't know	
	n	No.	%	No.	%	No.	%	No.	%	No.	%
Students	50	37	<b>74</b>	13	<b>26</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
University and college leavers	50	19	<b>38</b>	20	<b>40</b>	1	<b>2</b>	10	<b>20</b>	0	<b>0</b>
Long-term unemployed	50	1	<b>2</b>	16	<b>32</b>	0	<b>0</b>	31	<b>62</b>	2	<b>4</b>
Ageing unemployed	50	1	<b>2</b>	10	<b>20</b>	0	<b>0</b>	36	<b>72</b>	3	<b>6</b>
Immigrants/ethnic minorities	50	1	<b>2</b>	12	<b>24</b>	1	<b>2</b>	32	<b>64</b>	4	<b>8</b>
People with disabilities	50	1	<b>2</b>	9	<b>18</b>	0	<b>0</b>	37	<b>74</b>	3	<b>6</b>
Low-skilled	50	1	<b>2</b>	8	<b>16</b>	0	<b>0</b>	37	<b>74</b>	4	<b>8</b>

**Table 4.34 Training Opportunities Offered by the Company, Manufacturing Sector**

	Yes, actively			Yes, to some extent		Included in future plans		No		Don't know	
	n	No.	%	No.	%	No.	%	No.	%	No.	%
Students	33	23	<b>70</b>	10	<b>30</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
University and college leavers	33	13	<b>39</b>	14	<b>42</b>	1	<b>3</b>	5	<b>15</b>	0	<b>0</b>
Long-term unemployed	33	0	<b>0</b>	10	<b>30</b>	0	<b>0</b>	21	<b>64</b>	2	<b>6</b>
Ageing unemployed	33	0	<b>0</b>	8	<b>24</b>	0	<b>0</b>	23	<b>70</b>	2	<b>6</b>
Immigrants/ethnic minorities	33	0	<b>0</b>	7	<b>21</b>	1	<b>3</b>	22	<b>67</b>	3	<b>9</b>
People with disabilities	33	0	<b>0</b>	7	<b>21</b>	0	<b>0</b>	23	<b>70</b>	3	<b>9</b>
Low-skilled	33	0	<b>0</b>	7	<b>21</b>	0	<b>0</b>	24	<b>73</b>	2	<b>6</b>

**Table 4.35 Training Opportunities Offered by the Company, Service Sector**

	Yes, actively			Yes, to some extent		Included in future plans		No		Don't know	
	n	No.	%	No.	%	No.	%	No.	%	No.	%
Students	17	14	<b>82</b>	3	<b>18</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
University and college leavers	17	6	<b>35</b>	6	<b>35</b>	0	<b>0</b>	5	<b>29</b>	0	<b>0</b>
Long-term unemployed	17	1	<b>6</b>	6	<b>35</b>	0	<b>0</b>	10	<b>59</b>	0	<b>0</b>
Ageing unemployed	17	1	<b>6</b>	2	<b>12</b>	0	<b>0</b>	13	<b>76</b>	1	<b>6</b>
Immigrants/ethnic minorities	17	1	<b>6</b>	5	<b>29</b>	0	<b>0</b>	10	<b>59</b>	1	<b>6</b>
People with disabilities	17	1	<b>6</b>	2	<b>12</b>	0	<b>0</b>	14	<b>82</b>	0	<b>0</b>
Low-skilled	17	1	<b>6</b>	1	<b>6</b>	0	<b>0</b>	13	<b>76</b>	2	<b>12</b>

### Additional Issues Mentioned by the Respondents; Questionnaire Reference – Appendix G, Section 3, No.13

The most often repeated issues were importance of the learning at work (9, 18%) and an own training institute or academy (9, 18%). Eight respondents (16%) stressed that training and staff development has a central role at the company. Items that received at least two mentions are listed in details in the Table 4.36.

**Table 4.36 Additional Issues Mentioned as regards Training and Staff Development**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
Learning at work plays an important part in training	50	9	<b>18</b>	33	6	<b>18</b>	17	3	<b>18</b>
Own training institute or academy	50	9	<b>18</b>	33	6	<b>18</b>	17	3	<b>18</b>
Training and education has a central role in the organisation	50	8	<b>16</b>	33	4	<b>12</b>	17	4	<b>24</b>
The training is systematic and regular	50	4	<b>8</b>	33	3	<b>9</b>	17	1	<b>6</b>
Every individual is responsible for his or her own development	50	4	<b>8</b>	33	3	<b>9</b>	17	1	<b>6</b>
The training and development covers everybody	50	4	<b>8</b>	33	1	<b>3</b>	17	3	<b>18</b>
The programmes of maintaining the employee work ability have an important role at the company	50	3	<b>6</b>	33	2	<b>6</b>	17	1	<b>6</b>
The company cannot any more guarantee a life-time job, but it provides opportunity to an employee to take care of his or her development and employability	50	2	<b>4</b>	33	0	<b>0</b>	17	2	<b>12</b>
The training aims at developing multiple skills or broad knowledge	50	2	<b>4</b>	33	2	<b>6</b>	17	0	<b>0</b>
The training is based on the requirements raised by the business activities	50	2	<b>4</b>	33	2	<b>6</b>	17	0	<b>0</b>
A large part of the training is bought outside of the corporation	50	2	<b>4</b>	33	1	<b>3</b>	17	1	<b>6</b>

Furthermore, examples of further individual comments were as follows:

- "Our special aim has been to increase the knowledge of the whole personnel on business economics; we have been pioneers in this when it comes to the Nordic Countries."
- "We have paid a special attention to the principle of life-long learning within our organisation."
- "We consider good contacts with educational institutions as essential because of the predicted labour shortage."
- "We currently prepare an extensive training programme in a context of setting up a new factory."
- "Our aim is to create more group level co-ordination as regards staff training and development in the near future."

- "Perhaps at the first time in its history, our company is implementing a comprehensive and systematic training policy."
- "Our company is generally running training programmes with poor resources."

#### 4.3.5 Participation and Staff Involvement

##### Methods which Employees Use to Communicate their Views to the Management; Questionnaire Reference - Section 4, No. 1

All respondents stated that their employees use their immediate supervisor to communicate their views to the management. Furthermore, the shop steward system was present at all companies. Other parameters which scored high were an attitude survey (49, 98%), regularly meeting co-operative bodies (47, 94%), direct email contact to the managing director (45, 90%), a suggestion scheme (44, 88%) as well as regular workplace meetings (40, 80%).

A European Work Council was established by 20 respondents (40%), 19 of these being representatives of the manufacturing sector. Anonymous complaint points yielded the lowest score, only 14 companies (28%) having this channel in use. The anonymous complaint points were more common within the service sector than within the manufacturing sector. In this context, the most often mentioned examples were a possibility to express views anonymously through Intranet, or to write anonymously to a personnel newsletter. One respondent mentioned a special feedback telephone, through which the employees were able to give feedback to the management anonymously or present questions for which they wanted answers, for example, through a weekly newsletter. Comments such as "our employees have the courage to tell their opinion and use their name" were presented by those who provided a negative answer to this question.

**Table 4.37 Methods for Communication**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
Through immediate supervisor	50	50	<b>100</b>	33	33	<b>100</b>	17	17	<b>100</b>
Through shop stewards	50	50	<b>100</b>	33	33	<b>100</b>	17	17	<b>100</b>
Through European Work Council	50	20	<b>40</b>	33	19	<b>58</b>	17	1	<b>6</b>
Through regularly meeting co-operative bodies	50	47	<b>94</b>	33	31	<b>94</b>	17	16	<b>94</b>
Through regular workplace meetings	50	40	<b>80</b>	33	25	<b>76</b>	17	15	<b>88</b>
Through direct email contact to the managing director	50	45	<b>90</b>	33	29	<b>88</b>	17	16	<b>94</b>
Through anonymous complaints points	50	14	<b>28</b>	33	8	<b>24</b>	17	6	<b>35</b>
Through an attitude/job motivation survey	50	49	<b>98</b>	33	32	<b>97</b>	17	17	<b>100</b>
Through a suggestion scheme	50	44	<b>88</b>	33	32	<b>97</b>	17	12	<b>71</b>

Additional communication channels mentioned here were the following:

- The representatives of employees have a seat at the workplace's executive board at every locality the company operates.
- The managing director is present at the group meetings, which are very informal and all the questions with the exception to those related to collective agreements can be raised there.
- The representatives of staff have seats in the board of directors or the supervisory board of the company, based on the Act on Personnel Representation in the Administration of Undertakings (1990/725).
- The company has applied the principles of quality management, which stipulate that the management should be visible, visit the factories and discuss with the employees.
- The managers are easily approachable, the managing director of the company visits the business units, organises briefings in which an opportunity for discussion is offered or lets everyone know where and when he is available and welcomes people to come to discuss with him.
- Personnel management/HR management acts as a channel between the employees and the management.
- The company has applied a special co-operation model based on group work, the aim of which is to generate ideas for the practical operations of the organisation. Everybody interested is welcomed to participate.

**The Employee Categories Briefed Formally about the Strategy and Economical Performance of the Organisation; Questionnaire Reference – Appendix G, Section 4, No. 2**

These parameters scored particularly high among the participants. Forty-four (88%) respondents briefed formally all staff categories about the strategy of the company. Within the manufacturing sector the figure was 30 (91%) and within the service sector 14 (82%). Forty-eight respondents (96%) informed all staff categories about the economic performance of the organisation. In the manufacturing sector all respondents did this whereas within the service sector 15 (88%) respondents provided an affirmative answer. It should be noted that at four service sector organisation the category of manual staff did not exist. Therefore in Tables 4.38 and 4.39 the percentages for manual staff have been calculated of total 46 respondents. The respondents, in general, assured the information was open and honest and that it is in the organisation's own interest that everybody is involved. A variety of means, including information meetings, discussions, corporate co-operative bodies, videos, Intranet and information newsletters were mentioned.

**Table 4.38 The Staff Categories Formally Informed about the Strategy of the Organisation**

	All		Manufacturing		Services	
	No.	%	No.	%	No.	%
Management and/or key personnel	50	<b>100</b>	33	<b>100</b>	17	<b>100</b>
Clerical staff	48	<b>96</b>	31	<b>94</b>	17	<b>100</b>
Manual staff	40	<b>87</b>	30	<b>91</b>	10	<b>77</b>

**Table 4.39 The staff Categories Formally Informed about the Economic Performance of the Organisation**

	All		Manufacturing		Services	
	No.	%	No.	%	No.	%
Management and/or key personnel	50	<b>100</b>	33	<b>100</b>	17	<b>100</b>
Clerical staff	50	<b>100</b>	33	<b>100</b>	17	<b>100</b>
Manual staff	44	<b>96</b>	33	<b>100</b>	11	<b>85</b>

**Team-based Working; Questionnaire Reference – Appendix G, Section 4, No. 3**

Forms of team-based work, aimed at more independent work performance had been applied at 48 (96%) organisations. Twenty-one respondents (42%) claimed that they had teams in use company wide, whereas 27 (54%) considered that team-based work has been taken into use 'to some extent'. One respondent who provided a negative answer to the question stated that they had a couple of teams even before "the team-boom started", but "for some reason it stumbled". Another explained that the work is not based on teams, but on a process management which is not imposed from top to bottom but horizontally.

**Table 4.40 The Extent to which the Team-work is Applied**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Company-wide	50	21	<b>42</b>	14	<b>42</b>	7	<b>41</b>
To some extent	50	27	<b>54</b>	18	<b>55</b>	9	<b>53</b>
Included in future plans	50	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
No	50	2	<b>4</b>	1	<b>3</b>	1	<b>6</b>
Don't know	50	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>

**Incentive Schemes in Use; Questionnaire Reference – Appendix G, Section 4, No.4**

Twenty-eight respondents (56%) had a stock option scheme in use. All respondents who provided an affirmative answer to this question were quoted on the Helsinki stock exchange. Only five of those 32 respondents quoted on the Helsinki stock exchange did not have this parameter in use. Moreover, one respondent, of which subsidiary was quoted, but not the parent company, provided an affirmative answer. Within the manufacturing sector 18 respondents (55%) claimed to have a stock option scheme in use whereas within the service sector all the ten quoted companies had this (59%). Twenty-one (75%) of those 28 respondents who had this parameter in use offered it exclusively to the management or key



personnel. One respondent (4%) offered this to management or key personnel and clerical staff whereas six respondents (21%) maintained that they had stock options for all staff categories. In general, companies providing stock option schemes for all staff categories could be characterised as expert type or organisations, dominated by clerical staff and operating in industries such as telecommunications, media, information technology and financial services. It should be noted, that three service sector respondents, which provided stock option schemes to all staff categories, did not have the category of ‘manual staff’ at all.

Only seven respondents (14%) maintained that they had a personnel fund. Of those, only one was a service sector respondent. A personnel fund in each case covered the other staff categories but not always the management. One respondent specified that also those with part-time or fixed term contracts participated in the personnel fund. Furthermore, one respondent mentioned that negotiations over the establishment of a personnel fund had been started. Another respondent explained that the company is exploring the possibility of establishing a personnel fund, due to the recent improvement of the system permitting the fund to cover foreign subsidiaries of a company.

A large majority of the respondents, 47 (94%) had a result-based pay in use. Thirty-two (68%) of those 47 offered it to all staff categories. Within the manufacturing sector the corresponding figure was 21 (66%) and within the service sector 11 (73%). Thirty-nine respondents (78%) had merit or performance related pay in use. Fourteen of those (36%) offered this for all categories of staff. Most often, merit or performance related pay was in use within the manufacturing sector and for manual staff. Merit or performance related one-time bonuses were in use at 34 (68%) companies. Twenty-one of those respondents (62%) offered these to all categories of staff.

Details for this question are presented in Tables 4.41, 4.42 and 4.43. The percentages for different staff categories have been calculated of those, which had taken the incentive scheme in use. The figures for manual staff have been calculated only of those companies in which this category of staff exists.

**Table 4.41 Incentive Schemes in Use, All Respondents**

	Incentive scheme in use		Management and/or key personnel		Clerical		Manual	
	No.	%	No.	%	No.	%	No.	%
Stock option schemes	28	<b>56</b>	28	<b>100</b>	7	<b>25</b>	3	<b>13</b>
Personnel fund	7	<b>14</b>	5	<b>71</b>	7	<b>100</b>	7	<b>100</b>
Result-based pay	47	<b>94</b>	42	<b>89</b>	43	<b>91</b>	34	<b>79</b>
Merit or performance related variable pay	39	<b>78</b>	18	<b>46</b>	25	<b>64</b>	33	<b>89</b>
Merit of performance related one-time bonuses	34	<b>68</b>	27	<b>79</b>	31	<b>91</b>	23	<b>74</b>

**Table 4.42 Incentive Schemes in Use, Manufacturing Sector**

	Incentive scheme in use		Management and/or key personnel		Clerical		Manual	
	No.	%	No.	%	No.	%	No.	%
Stock option schemes	18	<b>55</b>	18	<b>100</b>	2	<b>11</b>	1	<b>6</b>
Personnel fund	6	<b>18</b>	5	<b>83</b>	6	<b>100</b>	6	<b>100</b>
Result-based pay	32	<b>97</b>	29	<b>91</b>	29	<b>91</b>	25	<b>78</b>
Merit or performance related variable pay	31	<b>94</b>	14	<b>45</b>	18	<b>58</b>	27	<b>87</b>
Merit of performance related one-time bonuses	21	<b>64</b>	17	<b>81</b>	18	<b>86</b>	14	<b>67</b>

**Table 4.43 Incentive Schemes in Use, Service Sector**

	Incentive scheme in use		Management and/or key personnel		Clerical		Manual	
	No.	%	No.	%	No.	%	No.	%
Stock option schemes	10	<b>59</b>	10	<b>100</b>	5	<b>50</b>	2	<b>33</b>
Personnel fund	1	<b>6</b>	0	<b>0</b>	1	<b>100</b>	1	<b>100</b>
Result-based pay	15	<b>88</b>	13	<b>87</b>	14	<b>93</b>	9	<b>82</b>
Merit or performance related variable pay	8	<b>47</b>	4	<b>50</b>	7	<b>88</b>	6	<b>100</b>
Merit of performance related one-time bonuses	13	<b>76</b>	10	<b>77</b>	13	<b>100</b>	9	<b>90</b>

Examples of other incentive systems mentioned were as follows:

- team or group-based bonuses,
- reward system for employee initiatives,
- financial support for employee studies on his/her own accord,
- a system for the whole staff in which part of the improvement of the company's results is addressed to a special saving system for three years and when paid out. The money can be withdrawn in a form of financial insurance or shares of the company,
- share reward system for a small group of managers,
- memorable day system,
- bonuses paid to the management include softer indicators, for example, those related to the personnel management,

- the pay include parts based on individual performance, which are decided on the basis of annual development discussions

**Additional Issues Mentioned by the Respondents; Questionnaire Reference – Appendix G, Section 4, No. 5**

Independence of work was mentioned by seven respondents (14%), attention paid to the employees initiatives by seven (14%) and delegation of responsibilities by five (10%). These three items were mentioned in parentheses and consequently they also received the highest support. These and other issues to which a reference was made are listed in details in Table 4.44. Only the parameters, which received at least two mentions, are documented in Table.

**Table 4.44 Additional Issues Mentioned in the Context of Employee Involvement**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Independence of work	50	7	<b>14</b>	4	<b>12</b>	3	<b>18</b>
The initiatives of employees are listened and taken into account	50	7	<b>14</b>	6	<b>18</b>	1	<b>6</b>
Responsibilities are delegated to the individual	50	5	<b>10</b>	3	<b>9</b>	2	<b>12</b>
Participation and open communication is promoted	50	4	<b>8</b>	3	<b>9</b>	1	<b>6</b>
Commitment is promoted through training or job rotation	50	2	<b>4</b>	0	<b>0</b>	2	<b>12</b>
Commitment is promoted through challenging tasks	50	2	<b>4</b>	0	<b>0</b>	2	<b>12</b>

Examples of individual comments were as follows:

- "We have a process management in use. The work is independent and co-operation happens at horizontal level and is not guided or supervised by anybody".
- "We measure the leadership atmosphere regularly."
- "We have had very good relations with our employees and therefore there has been no strike for 20 years."
- "We promote mental awards, such as opportunities for training, good career prospects, opportunities to participate and have an impact. In other words, we try to create a good work atmosphere."
- "In Finland, the basic assumption is that an employee is able and competent enough to make the decisions related to his/her own job. In England, for example, the culture is much more bureaucratic and the employees are expected to consult their superiors all the time."

### 4.3.6 Security in Employment

#### Atypical Contracts; Questionnaire reference – Appendix G, Section 5, No.1

As many as 44 respondents provided the share of part-timers at their organisation. Twenty-eight (64%) of those estimated the proportion of part-timers to be 2% or less of their workforce. Within the manufacturing sector the proportion of part-timers remained generally low with all respondents maintaining that they had less than 10% of part-timers and 21 (75%) claiming that their proportion was 2% or less. The part timers were much more common within the service sector than within the manufacturing sector. Within the service sector eight respondents (50%) maintained that part-timers share of total workforce is 10% or more and five of those stating that their proportion accounts for 30 or even more. The highest scores for part-timers were accounted for the retail trade sector in which comments such as "for us it is a line of action" were made.

**Table 4.45 Proportion of Part-time Contracts**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
50 or more	44	3	<b>7</b>	28	0	<b>0</b>	16	3	<b>19</b>
30 or more	44	2	<b>5</b>	28	0	<b>0</b>	16	2	<b>13</b>
20-29	44	1	<b>2</b>	28	0	<b>0</b>	16	1	<b>6</b>
10-19	44	2	<b>5</b>	28	0	<b>0</b>	16	2	<b>13</b>
6-9	44	4	<b>9</b>	28	3	<b>11</b>	16	1	<b>6</b>
3-5	44	4	<b>9</b>	28	4	<b>14</b>	16	0	<b>0</b>
0-2	44	28	<b>64</b>	28	21	<b>75</b>	16	7	<b>44</b>

Total 45 respondents provided the share of employees with fixed-term contract at their organisation. Of those as many as 30 (67%) claimed the proportion of employees with fixed term contract to be under 10%. Overall the fixed term contracts tended to be more common within the manufacturing sector than the service sector. Details for this question are presented in Table 4.46.

**Table 4.46 Proportion of Fixed-term Contracts**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
20 or more	45	4	<b>9</b>	29	3	<b>10</b>	16	1	<b>6</b>
10-19	45	11	<b>24</b>	29	8	<b>28</b>	16	3	<b>19</b>
6-9	45	12	<b>27</b>	29	7	<b>24</b>	16	5	<b>31</b>
3-5	45	11	<b>24</b>	29	7	<b>24</b>	16	4	<b>25</b>
0-2	45	7	<b>16</b>	29	4	<b>14</b>	16	3	<b>19</b>

With regard to temporary employees, only 12 respondents stated that they had temporary employees. The corresponding figure was five within the manufacturing sector (20%) and

seven within the service sector (54%). Twenty manufacturing sector respondents (80%) argued that they do not have other temporary employees apart from fixed-term ones, this being the case with six service sector respondents (46%). The remaining 12 did not account for this figure.

**Table 4.47 Proportion of Other Temporary Contracts**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
20 or more	38	0	<b>0</b>	25	0	<b>0</b>	13	0	<b>0</b>
10-19	38	2	<b>5</b>	25	0	<b>0</b>	13	2	<b>15</b>
6-9	38	1	<b>3</b>	25	1	<b>4</b>	13	0	<b>0</b>
3-5	38	4	<b>11</b>	25	1	<b>4</b>	13	3	<b>23</b>
<2	38	5	<b>13</b>	25	3	<b>12</b>	13	2	<b>15</b>
0	38	26	<b>68</b>	25	20	<b>80</b>	13	6	<b>46</b>

**Companies Which Have Reduced their Workforce and How These Reductions Were Implemented; Questionnaire Reference – Appendix G, Section 5, No. 2 and 3**

Forty respondents (80%) reduced their workforce in 1999-2001. Within the manufacturing sector 29 (88%) companies have done this whereas within the service sector the corresponding figure is lower, 11 organisations (65%) providing an affirmative answer. Most commonly used methods used when reductions were implemented were dismissals (34, 85%), rotating staff to other tasks (33, 83%) and natural wastage (31, 78%). Six companies (15%) had reduced their workforce by using other means than dismissals.

Additional methods mentioned here were:

- changing end-of holiday pay to free-time,
- allowing everybody willing a possibility to have time-off without salary,
- individual agreements on reductions of working-time,
- reorganising work shifts,
- time-banking system in which an employee can save overtime hours when production goes up and correspondingly use these as free-time when production goes down.

Within the manufacturing sector most commonly used methods were dismissals (26, 90%), early retirements (23, 79%), natural wastage (22, 76%) and staff rotation (22, 76%). Within the service sector all respondents have used staff rotation, nine (82%) natural wastage and eight (73%) dismissals. Only one service sector respondent had agreed with trade unions about the delays for some increases in pays and benefits and another had agreed with the trade unions about reduction in working hours. Reduction in over-time hours was used only at 11 (28%) companies, this being more common within the service sector than within

the manufacturing sector. With regard to flexible working times one manufacturing sector respondent commented that more opportunities were offered but employees were not especially willing to use these:

"When personnel is reduced, employees have difficulty to see flexible working times as an opportunity. They seem to be more like scared that this would eventually work against them."

**Table 4.48 Methods Applied when Implementing Reductions of Workforce**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Dismissals	40	34	<b>85</b>	26	<b>90</b>	8	<b>73</b>
Lay-offs	40	13	<b>33</b>	9	<b>31</b>	4	<b>36</b>
Conversion of full-time jobs to part-time	40	6	<b>15</b>	3	<b>10</b>	3	<b>27</b>
Natural wastage	40	31	<b>78</b>	22	<b>76</b>	9	<b>82</b>
Early retirements	40	28	<b>70</b>	23	<b>79</b>	5	<b>45</b>
Discontinued fixed-term contracts	40	26	<b>65</b>	21	<b>72</b>	5	<b>45</b>
No substitutes hired	40	15	<b>38</b>	11	<b>38</b>	4	<b>36</b>
Staff transferred to the other tasks within the company	40	33	<b>83</b>	22	<b>76</b>	11	<b>100</b>
Decrease in pay and benefits in agreement with the trade-union	40	1	<b>3</b>	0	<b>0</b>	1	<b>9</b>
General labour time reduction in agreement with the trade-union	40	1	<b>3</b>	0	<b>0</b>	1	<b>9</b>
Reduction in over-time hours	40	11	<b>28</b>	7	<b>24</b>	4	<b>36</b>
Employees opportunities to choose more flexibility into their working time were increased	40	15	<b>38</b>	11	<b>38</b>	4	<b>36</b>

#### **Support to Redundant Employees - Questionnaire Reference – Appendix G, Section 5, and No.4**

As many as 47 (94%) companies offered counselling in order to help a redundant employee to find a new job, whereas training for this purpose was offered by 29 (58%) respondents. Financial support, collaboration with other companies as well as support to start own business were less common. In the interviews it became evident, however, that the help offered varied and was often dependent on the particular case and negotiable. Two respondents, both manufacturing sector representatives had offered all the alternative forms of help listed. One of those explained that they offered a whole 'social packet', which included all sorts of help.

"Earlier the employee left the more money he or she was offered. In the end this proved to be cheaper for the employer as well since the best form of all strikes is the 'Italian one' in which you work as slowly as possible and it is impossible to fire anybody because there is always too much work to be done".

Two respondents, one manufacturing and one service sector company, had not had any redundancies for such a long time that they declined to answer this question. One of those

specified that "somebody might have sometimes been kicked off due to the excessive consumption of alcohol and his detoxification treatment has been paid, but that's all".

**Table 4.49 Help Offered in Case of Redundancies**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
Training	50	29	<b>58</b>	33	19	<b>58</b>	17	10	<b>59</b>
Counselling	50	47	<b>94</b>	33	31	<b>94</b>	17	16	<b>94</b>
Financial support	50	12	<b>24</b>	33	7	<b>21</b>	17	5	<b>29</b>
Collaboration with other companies	50	17	<b>34</b>	33	10	<b>30</b>	17	7	<b>41</b>
Support to start own business	50	9	<b>18</b>	33	7	<b>21</b>	17	2	<b>12</b>

Examples of other means of help offered were as follows:

- internal job bank,
- counselling on pension matters,
- psychological counselling,
- a normal pension offered for somebody only 57 years old,
- a membership in 'Job and Choice', a company set up in 1980's with basic idea of helping people to set up their own business in case of redundancies. Currently the Job and Choice is, however, concentrating on guiding small businesses already in existence.

**Additional Issues Mentioned by the Respondents; Questionnaire Reference – Appendix G, Section 5, No. 5**

The central role of training and transfer to the new tasks was stressed by five respondents (10%). Life-long work-contracts as a principle or as a practice were mentioned by four respondents (8%) two of those referring to the existence of strong trade unions in the industry.

**Table 4.50 Additional Issues Mentioned in the Context of Job Security**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Training and transfer to the new tasks is central	50	5	<b>10</b>	3	<b>9</b>	2	<b>12</b>
Life-long work contracts are either principle or common practice	50	4	<b>8</b>	4	<b>12</b>	0	<b>0</b>
All possible means are used to avoid redundancies	50	3	<b>6</b>	2	<b>6</b>	1	<b>6</b>
Redundancies have been very rare	50	3	<b>6</b>	2	<b>6</b>	1	<b>6</b>
Negotiations between trade-unions play a central role	50	2	<b>4</b>	0	<b>0</b>	2	<b>12</b>
There has been no redundancies for ten years	50	1	<b>2</b>	0	<b>0</b>	1	<b>6</b>
The redundant employees are welcomed back if situation improves	50	1	<b>2</b>	0	<b>0</b>	1	<b>6</b>
The profitability of the business units plays a key role	50	1	<b>2</b>	1	<b>3</b>	0	<b>0</b>

### 4.3.7 Employee Well-being and Work Ability

#### Average Age of the Personnel; Questionnaire Reference – Appendix G, Section 6, No.1

As many as 47 companies provided the average age of their personnel. The average age, in general, was high especially within the manufacturing sector. Thirty-four companies (72%) maintained that the average age of employees was 40 or more, the respective figures being for the manufacturing sector 24 (80%) and for the service sector ten (59%). Within the manufacturing sector at eight companies (27%) the average age was 45 or more and within the service sector the corresponding figure was three (18%). At three manufacturing sector companies the average age was as high as 48 years. Three companies did not follow this figure at the level requested.

**Table 4.51 Average Age of Personnel**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
30-34	47	4	<b>9</b>	2	<b>7</b>	2	<b>12</b>
35-39	47	9	<b>19</b>	4	<b>13</b>	5	<b>29</b>
40-44	47	23	<b>49</b>	16	<b>53</b>	7	<b>41</b>
45-49	47	11	<b>23</b>	8	<b>27</b>	3	<b>18</b>

#### Activities Related to Maintaining and Promoting Employee Well-being and Work Ability; Questionnaire Reference – Appendix G, Section 6. No. 2 and 3.

All respondents stated that they organise activities in excess of the legal requirements, which are aimed at promoting and maintaining their employees' well-being and work ability. In general, these activities covered their own staff. In addition to this, eight



respondents, five manufacturing sector and three service sector representatives specified activities, which covered an employee's family as well. One respondent provided medical care services for those retired from the company and G.P and specialist doctor services for employees' children under 18-year-old. Seven respondents explained that the members of family were able to participate in the recreational events as well as hobbies organised or supported by the company. One of these added that they provide employees with manuals related to maintaining the work ability and the members of the family have been taken into account in these. Furthermore, one respondent explained that they were currently planning corporate sponsored 'family weekends' in a bathing establishment.

**Activities Related to Promoting Individual Well-being; Questionnaire Reference – Appendix G, Section 6, No. 4.**

The parameters listed in this question scored high among the respondents. Eight respondents (16%) provided an affirmative answer to all 12 parameters and further 20 (40%) to 10 or 11 parameters. Within the manufacturing sector these figures were five (15%) for those who ticked all 12 parameters and ten (30%) for those who ticked 11 or 10. Corresponding figures within the service sector were somewhat higher; three (18%) for those giving an affirmative answer to all 12 parameters and ten (59%) for those who ticked 11 or 10 parameters. The lowest score for this question was five ticks, provided by one manufacturing sector organisation.

G.P medical care services, sport or recreation events and support for free-time sport or recreation received 100% support. More than 90% of the respondents organised regular health screenings, training or advice related to healthy living habits or supported rehabilitation. The parameter which received the lowest support was 'programmes tailored for special needs of older employees' (24, 48%). This parameter received higher support within the manufacturing sector corresponding with the higher average age within the sector.

**Table 4.52 Activities Related to Maintaining and Promoting Individual Well-being**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
G.P medical care services	50	50	<b>100</b>	33	<b>100</b>	17	<b>100</b>
Specialist doctor services	50	31	<b>62</b>	17	<b>52</b>	14	<b>82</b>
Regular health screenings	50	46	<b>92</b>	29	<b>88</b>	17	<b>100</b>
Training or advice related to healthy living	50	47	<b>94</b>	30	<b>91</b>	17	<b>100</b>
Programmes against alcohol or drugs abuse	50	28	<b>56</b>	16	<b>48</b>	12	<b>71</b>
Sport or recreation events	50	50	<b>100</b>	33	<b>100</b>	17	<b>100</b>
Support to free-time sport or recreation	50	50	<b>100</b>	33	<b>100</b>	17	<b>100</b>
Organising or supporting rehabilitation	50	46	<b>92</b>	30	<b>91</b>	16	<b>94</b>
Professional help to employees' mental problems	50	34	<b>68</b>	20	<b>61</b>	14	<b>82</b>
Programmes tailored for the specific needs of the older employees	50	24	<b>48</b>	19	<b>58</b>	5	<b>29</b>
Surveys on stress	50	27	<b>54</b>	16	<b>48</b>	11	<b>65</b>
Measuring work ability indices	50	39	<b>78</b>	24	<b>73</b>	15	<b>88</b>

Apart from these five respondents (10%), four manufacturing sector representatives and one service sector representative mentioned a special counselling service for employees.

The examples of these were as follows:

- "We give counselling for supervisors and those in demanding expertise tasks. We have professional counsellors within our organisation for this and we are also buying these services from outside. An employee can discuss with a counsellor whatever the matter he or she is concerned".
- "Our occupational health nurse is specialised in comprehensive counselling services. In a discussion the current situation and the employees' own analysis of it, as well as different alternatives for solution, are gone through. Everybody can make an appointment with the health nurse. Counselling is also addressed to teams. Simultaneously with counselling an analysis of physical and mental condition of a team is carried out."
- "A psychologist visits the factories and an employee can make a personal appointment with him/her. He/she gives counselling both for individuals and for groups."
- "We support the Employee Assistance Program (EAP) to arrive in Finland. Our society is constructed in a way that normally you can find help for all sorts of problems. However, if a person starts to experience real difficulties, it might be that he or she does not know anymore who to turn to. The EAP takes people by the hand and provides a wide variety of support systems."
- "We have a priest with therapeutical qualifications who is solving, for example, problems related to employee's family and other private problems."

The importance of training and education as an integral part of activities related to maintaining and promoting employee work ability was stressed by three respondents. Of those three, one was a manufacturing company and two were service sector companies.

Other examples of activities in use were as follows:

- sport and hobby clubs,
- ASLAK® and TYK – rehabilitation,
- information campaign on healthy eating habits,
- weight decrease campaign,
- opportunity to rent cabins in one’s leisure,
- information campaigns, lectures, information newsletters on healthy living habits

ASLAK® is an early stage occupational rehabilitation form and TYK a training course for ageing employees which aims at maintaining and promoting work ability. Both products are developed and provided by the Finnish Social Security Institution (Kela 2002e).

#### **Activities Related to Work Community and Work Organisation; Questionnaire Reference – Appendix G, Section 6, No. 4.**

As regards activities related to work community and work organisation, ten respondents (20%) provided an affirmative answer to all the parameters listed in the question. Within the manufacturing sector this figure was six (18%) and within the service sector four (24%)

All respondents had conducted surveys on working atmosphere whereas improving leadership skills and procedures (48, 96%), improving the co-operative and interactive skills (45, 90%) scored high as well. Alleviating rush and time pressure at work gathered the least support, only 17 respondents (34%) providing an affirmative answer to this question. One respondent commented that "it is, actually, the other way around, if somebody leaves the company the work is divided between the remaining staff". Another respondent explained that they had organised training for better management of time. "We received very good feed-back from this, but it was a bit comical that all the participants did not have time to attend to the feed-back meeting, not even after they have been trained on time-management".

**Table 4.53 Activities Related to Work Community and Organisation**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
Improving leadership skills or procedures	50	48	<b>96</b>	33	32	<b>97</b>	17	16	<b>94</b>
Improving the co-operative and interactive skills	50	45	<b>90</b>	33	29	<b>88</b>	17	16	<b>94</b>
Alleviating rush and time pressure at work	50	17	<b>34</b>	33	9	<b>27</b>	17	8	<b>47</b>
Improving the management of change and crisis	50	26	<b>52</b>	33	19	<b>58</b>	17	7	<b>41</b>
Improving internal communication	50	44	<b>88</b>	33	27	<b>82</b>	17	17	<b>100</b>
Surveys on working atmosphere	50	50	<b>100</b>	33	33	<b>100</b>	17	17	<b>100</b>

**Activities Related to Work and Work Conditions; Questionnaire Reference – Appendix G, Section 6, No. 4.**

With regard to work and working conditions five respondents (10%) provided an affirmative answer to all the parameters listed in the question. Within the manufacturing sector the corresponding figure was three (9%) and within the service sector two (12%). None of the parameters received a 100% support. Health and safety training has been organised by 48 (96%) of respondents and 48 respondents (96%) have had activities related to improvement of workplace ergonomics. Improving management of threat and violence scored the lowest and was more common within the service sector.

One respondent commented that their had focussed especially on comprehensive development of the working community in order to promote employee well-being. Another stated that a motivating work environment has been raised as one of the top priorities.

**Table 4.54 Work and Working Conditions**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
Improving the workplace ergonomics	50	48	<b>96</b>	33	32	<b>97</b>	17	16	<b>94</b>
Improving the hygiene at work	50	39	<b>78</b>	33	30	<b>91</b>	17	9	<b>53</b>
Improving management of threat and violence	50	22	<b>44</b>	33	11	<b>33</b>	17	11	<b>65</b>
Occupational health and safety system audited by third parties	50	25	<b>50</b>	33	16	<b>48</b>	17	9	<b>53</b>
Analysing the causes of work related illnesses and accidents	50	37	<b>74</b>	33	27	<b>82</b>	17	10	<b>59</b>
Health and safety training	50	48	<b>96</b>	33	32	<b>97</b>	17	16	<b>94</b>

**Additional Issues Mentioned by the Respondents; Questionnaire Reference – Appendix G, Section 6, No. 5**

Four respondents (8%), three manufacturing sector companies and one service sector company mentioned that they had a special campaign, programme or project to maintain and promote employees' work ability. A further three (6%), all service sector respondents emphasised the comprehensiveness of the activities related to maintaining and promoting the employees' work ability. The multiple-sides of work ability are taken into account – physical, mental, and social as well as professional competence. Other issues mentioned were the preventive character of the activities and co-operation with employees in organising these activities. One respondent explained that they had recently been awarded for the activities related to promoting employees' work ability.

Six respondents (12%), four manufacturing sector and two service sector respondents commented about age management:

- "We have renamed age management as 'implementation of equality'. With regard to age management it should be management of both young and older employees equally. It should be noted that ageing people are also discriminating towards the younger ones. That is why we want to stress the equality aspect."
- "We have started a survey on opinions of those who are 50 years or more, we try to explore what kind of activities they think that the organisation should take."
- "We have prepared, in co-operation with five other companies, a theme related to the personnel physical and mental activeness. This theme includes elements of age management. We have organised meetings for which we have invited visiting lecturers, for example, people coming to talk us about their individual experiences on how to cope with work exhaustion."
- "We organise training for self-management. The training includes elements such as time management, work management, physical, mental and social fitness, attitudes, beliefs, ways to proceed at work, elements related to motivations, etc. This training includes elements of age management."
- "Our personnel/HR policy states that we appreciate personnel's competence and experience. This means that we appreciate our ageing employees and we have made effort to find out how their expertise could be best used by the organisation and how to keep them on the track when the work life changes. Employee around 50 years still have about one third of their working life ahead and we want to keep them at work as long as possible."
- "I do not believe that the pension-age will raise any more, more like the opposite. We had tried to solve the problem by letting the people to have their pension before the official pension age. We believe that people who are 65 years old do not want to work any more"

#### 4.3.8 Equal Opportunities

##### Codes of Practice/plans with Regard to Promoting Equal Opportunities at Work; Questionnaire Reference – Appendix G, Section 7, No. 1

Thirty-three respondents (66%) claimed that they have produced codes of practice or plans with regard to promoting equal opportunities at work in a written form. One respondent commented that "the question is stupid" since it is the legal obligation that every workplace is covered by an equal opportunity plan and "nobody would ever admit if this was not the case".

**Table 4.55 Codes of Practice or Plans with Regard to Promoting Equal Opportunities**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
Yes, written	50	33	<b>66</b>	33	22	<b>67</b>	17	11	<b>65</b>
Yes, unwritten	50	6	<b>12</b>	33	3	<b>9</b>	17	3	<b>18</b>
No, but included in future plans	50	4	<b>8</b>	33	3	<b>9</b>	17	1	<b>6</b>
No	50	7	<b>14</b>	33	5	<b>15</b>	17	2	<b>12</b>
Don't know	50	0	<b>0</b>	33	0	<b>0</b>	17	0	<b>0</b>

Examples of explanations given by those declining to provide an affirmative answer to this question were as follows:

- "We have not experienced any problems with this respect. For example, with regard to the share of women in the management, our company is doing well."
- "We do have codes of practice in a written form in the other countries in which we operate, but we had never experienced any need to distribute them in Finland, since this issue is already well established here. We have never had any problems with equal opportunities in this country."
- "The prevailing legislation concerning the matter is enough for us. There are hundreds of pages concerning equal opportunities there. We have never had any problems. On the contrary, men are run over by women at our company."
- "There has been an on-going discussion about producing an equal opportunity plan during the year 2002. However, since nobody considered this as a matter of any importance, I do not know whether it will be realised. It might well be that we end up to a decision that this kind of plan is not really worth of investing time and resources."
- "Equality has always been my starting point. If you start to produce papers and documents over the matter, it only exacerbates the situation."

**Basis on which Discrimination is Forbidden in the Code of Practice or Plans;  
Questionnaire Reference – Appendix G, Section 7, No. 2**

Those codes of practice or plans which were in a written form forbade discrimination most often on the basis of sex (30, 91%), on the basis of age (19, 58%) and on the basis of religion or belief (18, 55%). The parameter which gained here the lowest score was 'on the basis of sexual orientation' (8, 24%). This was due to low support to the parameter within the manufacturing sector (3, 14%). One manufacturing respondent commented that sexual orientation is still regarded as a bit of a sensitive issue. On the contrary, two service sector respondents commented that some homosexuals and lesbians among their employees have made their sexual orientation public. One of these explained that the 'family discount card' offered by the company to its employees is given equally to the homosexual and lesbian couples.

**Table 4.56 Basis on which Discrimination is Forbidden, All Respondents**

	Yes explicitly			Yes, but more like implicitly		No		Don't know	
	n	No.	%	No.	%	No.	%	No.	%
On the basis of gender	33	30	<b>91</b>	2	<b>6</b>	0	<b>0</b>	1	<b>3</b>
On the basis of sexual orientation	33	8	<b>24</b>	12	<b>36</b>	10	<b>30</b>	3	<b>9</b>
On the basis of age	33	19	<b>58</b>	4	<b>12</b>	7	<b>21</b>	3	<b>9</b>
On the basis of disability	33	12	<b>36</b>	7	<b>21</b>	11	<b>33</b>	3	<b>9</b>
On the basis of race or ethnic origin	33	17	<b>52</b>	5	<b>15</b>	8	<b>24</b>	3	<b>9</b>
On the basis of nationality	33	13	<b>39</b>	8	<b>24</b>	8	<b>24</b>	4	<b>12</b>
On the basis or ancestry	33	13	<b>39</b>	8	<b>24</b>	9	<b>27</b>	3	<b>9</b>
On the basis or religion or belief	33	18	<b>55</b>	5	<b>15</b>	8	<b>24</b>	2	<b>6</b>

**Table 4.57 Basis on which Discrimination is Forbidden, the Manufacturing Sector**

	Yes explicitly			Yes, but more like implicitly		No		Don't know	
	n	No.	%	No.	%	No.	%	No.	%
On the basis of gender	22	19	<b>86</b>	2	<b>9</b>	0	<b>0</b>	1	<b>5</b>
On the basis of sexual orientation	22	3	<b>14</b>	10	<b>45</b>	6	<b>27</b>	3	<b>14</b>
On the basis of age	22	11	<b>50</b>	4	<b>18</b>	4	<b>18</b>	3	<b>14</b>
On the basis of disability	22	6	<b>27</b>	7	<b>32</b>	6	<b>27</b>	3	<b>14</b>
On the basis of race or ethnic origin	22	11	<b>50</b>	5	<b>23</b>	3	<b>14</b>	3	<b>14</b>
On the basis of nationality	22	8	<b>36</b>	7	<b>32</b>	3	<b>14</b>	4	<b>18</b>
On the basis of ancestry	22	8	<b>36</b>	7	<b>32</b>	4	<b>18</b>	3	<b>14</b>
On the basis or religion or belief	22	12	<b>55</b>	5	<b>23</b>	3	<b>14</b>	2	<b>9</b>

**Table 4.58 Basis on which Discrimination is Forbidden, the Service Sector**

	Yes explicitly			Yes, but more like implicitly		No		Don't know	
	n	No.	%	No.	%	No.	%	No.	%
On the basis of gender	11	11	<b>100</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
On the basis of sexual orientation	11	5	<b>45</b>	2	<b>18</b>	4	<b>36</b>	0	<b>0</b>
On the basis of age	11	8	<b>73</b>	0	<b>0</b>	3	<b>27</b>	0	<b>0</b>
On the basis of disability	11	6	<b>55</b>	0	<b>0</b>	5	<b>45</b>	0	<b>0</b>
On the basis of race or ethnic origin	11	6	<b>55</b>	0	<b>0</b>	5	<b>45</b>	0	<b>0</b>
On the basis of nationality	11	5	<b>45</b>	1	<b>9</b>	5	<b>45</b>	0	<b>0</b>
On the basis of ancestry	11	5	<b>45</b>	1	<b>9</b>	5	<b>45</b>	0	<b>0</b>
On the basis or religion or belief	11	6	<b>55</b>	0	<b>0</b>	5	<b>45</b>	0	<b>0</b>

### **Codes of Practice to Combat Bullying and Sexual Harassment; Questionnaire Reference – Appendix G, Section 7, No. 3**

Only eight companies (16%) had codes of practice to combat bullying and ten (20%) with regard to sexual harassment in a written form. Both of these were more common within the service sector than within the manufacturing sector. Codes of practice were most commonly included into the equal opportunities plan and provided information on whom to contact as regards the matter. One respondent stated that they used special auditors coming from outside of the company in case of perceived bullying.

**Table 4.59 Codes of Practice to Combat Bullying**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
Yes, written	50	8	<b>16</b>	33	4	<b>12</b>	17	4	<b>24</b>
Yes, unwritten	50	12	<b>24</b>	33	8	<b>24</b>	17	4	<b>24</b>
No, but included in future plans	50	5	<b>10</b>	33	3	<b>9</b>	17	2	<b>12</b>
No	50	24	<b>48</b>	33	17	<b>52</b>	17	7	<b>41</b>
Don't know	50	1	<b>2</b>	33	1	<b>3</b>	17	0	<b>0</b>

**Table 4.60 Codes of Practice to Combat Sexual Harassment**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
Yes, written	50	10	<b>20</b>	33	6	<b>18</b>	17	4	<b>24</b>
Yes, unwritten	50	11	<b>22</b>	33	7	<b>21</b>	17	4	<b>24</b>
No, but included in future plans	50	4	<b>8</b>	33	3	<b>9</b>	17	1	<b>6</b>
No	50	25	<b>50</b>	33	17	<b>52</b>	17	8	<b>47</b>
Don't know	50	0	<b>0</b>	33	0	<b>0</b>	17	0	<b>0</b>

Question related to preparing a code for sexual harassment generated a lot of comments. One manufacturing sector respondent explained that sexual harassment and procedures for action are documented succinctly in the equal opportunity plan of the company. Furthermore, "at the group level meeting there was once a discussion on whether these instructions should be expanded. But the personnel made fun of it and women complained that they never get harassed even if they wanted to". The examples of comments of those who declined to provide an affirmative answer to this question were as follows:

- "We do not have any written instructions but we interfere if a sexual harassment case is perceived, we interfere even in a case of a 'forbidden relationship' because, even if the relationship would not have an impact on decision-making at work, people do not believe this and it might still spoil the atmosphere."
- "There has never been any perceived case of sexual harassment within our company. Our employees tend to be kind of analytical by their character. I have difficulties to believe that they would think this kind of issue at work."
- "Our company is very male-dominated. Some jokes have recently been made over the issue, related to the overwhelming media attention over one particular sexual harassment case."
- "We have not experienced any special need for producing this kind of code. I have been working for this company over ten years and nobody has ever harassed me. I wonder if there is something wrong with me..."
- "We do have this in some other countries in which we operate, but since there has never been any problems in Finland, we have not distributed these codes here."



- "We employ a lot of people and it is well known that some of them might be ill-natured. We had one sexual harassment case within our company, but it remained as unproved. I have never heard of any other related cases."

#### **Monitoring of Certain Groups with regard to Recruitment, Training and Promotions; Questionnaire Reference – Appendix G, Section 7, No. 4**

The majority of respondents (27, 54%) declined to provide an affirmative answer with regard to monitoring any of the listed groups in recruitment, training or promotions. Twenty (40%) respondent monitored the number of women in recruitment, training or promotions. These activities were more common within the service sector taking place at 11 companies (65%) and within the manufacturing sector at nine companies (27%). Monitoring the number of older people was a parameter, which scored the second highest, eight respondents (16%) monitoring the number of this group either in recruitment, training or promotions. Within the service sector this group was monitored in four (24%) and within the manufacturing sector in four organisations (12%). Four respondents commented that the share of different age groups in recruitment is accounted, but not to promote equal opportunities for ageing people, but in order to recruit more young people. The reference was made to the current high average age of the personnel.

The number of ethnic minorities in recruitment was monitored at one service sector organisation. Furthermore, people with disabilities were monitored in recruitment, training and promotions at one service sector organisation and one manufacturing sector respondent monitored this group in training.

Those who declined to provide an affirmative answer to this question explained, in general, that there had been no observed need to start to monitor these groups. One manufacturing sector respondent commented that monitoring these groups could possibly happen in their U.S.A subsidiaries. Another service sector respondent commented that they are not in favour of quotas and that equal opportunities should take place without them.

**Table 4.61 Monitoring of Certain Groups as regards Recruitment, Training and Promotions, All Respondents**

	n	Recruitment		Training		Promotions		Don't know	
		No.	%	No.	%	No.	%	No.	%
Women	50	19	<b>38</b>	10	<b>20</b>	15	<b>30</b>	1	<b>2</b>
Older people	50	5	<b>10</b>	6	<b>12</b>	3	<b>6</b>	1	<b>2</b>
Ethnic minorities	50	1	<b>2</b>	0	<b>0</b>	0	<b>0</b>	2	<b>4</b>
Different nationalities	50	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>	2	<b>4</b>
People with disabilities	50	1	<b>2</b>	2	<b>4</b>	1	<b>2</b>	2	<b>4</b>

**Table 4.62 Monitoring of Certain Groups as regards Recruitment, Training and Promotions, Manufacturing Sector**

	n	Recruitment		Training		Promotions		Don't know	
		No.	%	No.	%	No.	%	No.	%
Women	33	9	<b>27</b>	4	<b>12</b>	5	<b>15</b>	1	<b>3</b>
Older people	33	2	<b>6</b>	4	<b>12</b>	2	<b>6</b>	1	<b>3</b>
Ethnic minorities	33	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>	2	<b>6</b>
Different nationalities	33	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>	2	<b>6</b>
People with disabilities	33	0	<b>0</b>	1	<b>3</b>	0	<b>0</b>	2	<b>6</b>

**Table 4.63 Monitoring of Certain Groups as regards Recruitment, Training and Promotions, Service Sector**

	n	Recruitment		Training		Promotions		Don't know	
		No.	%	No.	%	No.	%	No.	%
Women	17	10	<b>59</b>	6	<b>35</b>	10	<b>59</b>	0	<b>0</b>
Older people	17	3	<b>18</b>	2	<b>12</b>	1	<b>6</b>	0	<b>0</b>
Ethnic minorities	17	1	<b>6</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
Different nationalities	17	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
People with disabilities	17	1	<b>6</b>	1	<b>6</b>	1	<b>6</b>	0	<b>0</b>

### **Means Used to Promote Equal Opportunities, Questionnaire Reference – Appendix G, Section 7, No. 5**

Only one service sector respondent provided an affirmative answer to all the parameters presented in this question. Sixteen respondents (32%) declined to provide a positive response to any of the listed parameters. Within the service sector the corresponding figures were four (24%) and within the manufacturing sector 11 (33%).

The first three parameters of this question yielded low support; diversity training was organised in 11 (22%) organisations, surveys on equality in 12 (24%) organisations and targeted recruitment in 13 (26%) organisations. The fourth parameter scored the highest; nearly half (23, 46%) of the respondents claimed that they have paid attention to the equality in wages. All four parameters obtained higher support within the service sector than within the manufacturing sector.

With regard to targeted recruitment, in order to balance gender segregation five respondents specified that they had made an effort to recruit more women into the management, supervisory or expert positions. Four stated that they have targeted women since they were under-presented in the personnel. Three respondents explained in more general terms that they target the under-presented sex in recruitment. Finally, three companies maintained that they had made an effort to obtain more male employees in areas where the females are over-presented. Respondents, in general, stressed, that targeted recruitment took place only if there was a case of two equally competent applicants from different gender groups. Five respondents who provided a negative answer to this question

commented that the competence is the most important factor affecting the recruitment and an applicant's sex has no role.

**Table 4.64 Means used to Promote Equal Opportunities, All Respondents**

	Yes			No, but included in future plans		No		Don't know	
	n	No.	%	No.	%	No.	%	No.	%
Diversity training	50	11	<b>22</b>	1	<b>2</b>	37	<b>74</b>	1	<b>2</b>
Surveys on equality	50	12	<b>24</b>	0	<b>0</b>	36	<b>72</b>	2	<b>4</b>
Targeted recruitment	50	13	<b>26</b>	1	<b>2</b>	35	<b>70</b>	1	<b>2</b>
Attention paid to equality in wages	50	23	<b>46</b>	1	<b>2</b>	25	<b>50</b>	1	<b>2</b>

**Table 4.65 Means used to Promote Equal Opportunities, Manufacturing Sector**

	Yes			No, but included in future plans		No		Don't know	
	n	No.	%	No.	%	No.	%	No.	%
Diversity training	33	4	<b>12</b>	0	<b>0</b>	28	<b>85</b>	1	<b>3</b>
Surveys on equality	33	4	<b>12</b>	0	<b>0</b>	27	<b>82</b>	2	<b>6</b>
Targeted recruitment	33	6	<b>18</b>	1	<b>3</b>	25	<b>76</b>	1	<b>3</b>
Attention paid to equality in wages	33	15	<b>45</b>	1	<b>3</b>	16	<b>48</b>	1	<b>3</b>

**Table 4.66 Means used to Promote Equal Opportunities, Service Sector**

	Yes			No, but included in future plans		No		Don't know	
	n	No.	%	No.	%	No.	%	No.	%
Diversity training	17	7	<b>41</b>	1	<b>6</b>	9	<b>53</b>	0	<b>0</b>
Surveys on equality	17	8	<b>47</b>	0	<b>0</b>	9	<b>53</b>	0	<b>0</b>
Targeted recruitment	17	7	<b>41</b>	0	<b>0</b>	10	<b>59</b>	0	<b>0</b>
Attention paid to equality in wages	17	8	<b>47</b>	0	<b>0</b>	9	<b>53</b>	0	<b>0</b>

**Codes of Practice to Deal with Discrimination Cases; Questionnaire Reference – Appendix G, Section 7, No.6.**

Only nine respondents (18%) claimed to have codes of practice to deal with discrimination cases and a further seven (14%) had included this in their future plans. Codes of practice were more common within the service sector, five respondents (29%) claiming to have this whereas within the manufacturing sector four respondents (12%) provided an affirmative answer to this question. One respondent explained that they had a comprehensive code of practice for prevention of mental violence, bullying and discrimination in a written form. This code of conduct included titles such as ‘definition for mental violence’, ‘attitudes towards mental violence at workplaces’, ‘prevention of violence in advance’, ‘abolishing mental violence’, and ‘the actions which supervisor can take’. Two respondents had a special equal opportunity committee the task of which was, among the others, to proceed

with discrimination cases. The other examples given were limited to provide instructions with regard to whom to contact in a discrimination case.

The respondents who declined to provide an affirmative answer to this question referred, in general, to the fact that discrimination cases were carried through either by the normal shop steward system, by a labour protection representative (based on Act on Supervision of Occupational Safety and Health and Appeal in Occupation Safety and Health Matters 1973/131) or by the occupational health service centre.

**Table 4.67 Codes of Practice to Deal with Discrimination Cases**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Yes	50	9	<b>18</b>	4	<b>12</b>	5	<b>29</b>
No, but included in future plans	50	7	<b>14</b>	4	<b>12</b>	3	<b>18</b>
No	50	34	<b>68</b>	25	<b>76</b>	9	<b>53</b>
Don't know	50	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>

**Approximate Share of Women of Total Workforce; Questionnaire reference – Appendix G, Section 7, No. 7**

As many as forty-seven participants provided the share of women of total workforce. Males dominated the majority of those companies, the share of this gender being more than half in 34 (72%) organisations. As many as 21 (69%) manufacturing sector respondents maintained that the share of women was less than 40% of their workforce. Furthermore, as many as 10 (32%) manufacturing sector respondents claimed that the share of women is less than 20%. The share of women was, however, 60% or more at 6 (38%) service sector companies.

Within the manufacturing sector the respondents which scored the highest with regard to the share of women were textile, food and drinks, media as well as electronics companies and those who scored the lowest were mining, metal and metal products, paper, packaging, other forest related products, construction/materials and energy sector companies. Within the service sector the companies who scored the highest with regard to the share of women were retail trade companies and those with the lowest scores were transport and forwarding companies.

**Table 4.68 Approximate Share of Women of Total Workforce**

%	All			Manufacturing		Services	
	n	No.	%	No.	%	No.	%
10-19	47	11	<b>23</b>	10	<b>32</b>	1	<b>6</b>
20-29	47	6	<b>13</b>	5	<b>16</b>	1	<b>6</b>
30-39	47	9	<b>19</b>	6	<b>19</b>	3	<b>19</b>
40-49	47	8	<b>17</b>	4	<b>13</b>	4	<b>25</b>
50-59	47	4	<b>9</b>	3	<b>10</b>	1	<b>6</b>
60-69	47	6	<b>13</b>	2	<b>6</b>	4	<b>25</b>
70-79	47	1	<b>2</b>	0	<b>0</b>	1	<b>6</b>
80-89	47	2	<b>4</b>	1	<b>3</b>	1	<b>6</b>

Five manufacturing sector respondents commented a low share of women within the workforce. The examples of the comments were as follows:

- "Our organisation is dominated by engineers, consequently the share of women of our workforce is not very high."
- "Our industry has traditionally been dominated by males, we are actively trying to attract more women here, but this is not an easy task."
- "The problem is that there is a shortage of female applicants with technical education"
- "This industry is not any cradle of equality. In general, the trade union has been against of recruiting more women into this industry."
- "The low proportion of women of the workforce is related to the character of the industry as well as to the old traditions. It is, however, gradually increasing."

#### **Approximate Share of Women in Management; Questionnaire Reference – Appendix G, Section 7, No.8**

Here the respondents were asked to divide their management into three groups, top management, senior management and middle management and estimate the number of women in each group. Forty-seven respondents provided the requested figure. As many as 15 respondents had no women in their top management (32%). Within the manufacturing sector the figure was 12 (40%) and within the service sector three (18%). Only two respondents stated that 30% or more of the members of their top management were women. The highest figure given was 38%.

With regard to senior management 36 respondents provided this figure. Four respondents (11%) did not have any women in this group. These four were all manufacturing sector representatives. Only four respondents (11%) claimed that the share of women in senior management is 40% or more. Within the manufacturing sector this was the case with two respondents (10%) and within the service sector with two respondents (13%). The highest proportion of women in this group was 55%.

Three out of those 36 respondents (8%) who provided both figures did not have any women in either top management or in senior management. Those three were all manufacturing sector companies. A further four companies (11%) the share of women in both groups was under 10%. One of those companies was a service sector representative.

All those 35 respondents who provided the figure with regard to the share of women in middle management had women in this group. Six respondents (17%), maintained, however, that the share of women in middle management was less than 20%. Five of those were manufacturing sector representatives and one was a service sector representative. At five (14%) companies the share of women in middle management was 40% or more. Three of those were service sector and two manufacturing sector companies.

With regard to women in management positions in general, only 29 companies provided this figure. Four respondents (14%) estimated the share of women to be less than 10%. These four were all manufacturing sector respondents. At four (14%) companies the share of women in management was 40% or more. The highest score here was 55%. The details for this question are presented in Tables 4.69, 4.70 and 4.71.

**Table 4.69 Approximate Share of Women in Management, All Respondents**

%	Top management			Senior management			Middle management			Management in general		
	n	No.	%	n	No.	%	n	No.	%	n	No.	%
0	47	15	<b>32</b>	36	4	<b>11</b>	35	0	<b>0</b>	29	0	<b>0</b>
1-9	47	9	<b>19</b>	36	7	<b>19</b>	35	3	<b>9</b>	29	4	<b>14</b>
10-19	47	11	<b>23</b>	36	12	<b>33</b>	35	3	<b>9</b>	29	9	<b>31</b>
20-29	47	10	<b>21</b>	36	8	<b>22</b>	35	16	<b>46</b>	29	8	<b>28</b>
30-39	47	2	<b>4</b>	36	1	<b>3</b>	35	8	<b>23</b>	29	4	<b>14</b>
40-49	47	0	<b>0</b>	36	3	<b>8</b>	35	3	<b>9</b>	29	3	<b>10</b>
50-59	47	0	<b>0</b>	36	1	<b>3</b>	35	0	<b>0</b>	29	1	<b>3</b>
60-69	47	0	<b>0</b>	36	0	<b>0</b>	35	2	<b>6</b>	29	0	<b>0</b>

**Table 4.70 Approximate Share of Women in Management, Manufacturing Sector**

%	Top management			Senior management			Middle management			Management in general		
	n	No.	%	n	No.	%	n	No.	%	n	No.	%
0	30	12	<b>40</b>	21	4	<b>19</b>	21	0	<b>0</b>	18	0	<b>0</b>
1-9	30	3	<b>10</b>	21	5	<b>24</b>	21	3	<b>14</b>	18	4	<b>22</b>
10-19	30	7	<b>23</b>	21	6	<b>29</b>	21	2	<b>10</b>	18	6	<b>33</b>
20-29	30	7	<b>23</b>	21	4	<b>19</b>	21	12	<b>57</b>	18	6	<b>33</b>
30-39	30	1	<b>3</b>	21	0	<b>0</b>	21	2	<b>10</b>	18	0	<b>0</b>
40-49	30	0	<b>0</b>	21	1	<b>5</b>	21	1	<b>5</b>	18	1	<b>6</b>
50-59	30	0	<b>0</b>	21	1	<b>5</b>	21	0	<b>0</b>	18	1	<b>6</b>
60-69	30	0	<b>0</b>	21	0	<b>0</b>	21	1	<b>5</b>	18	0	<b>0</b>

**Table 4.71 Approximate Share of Women in Management, Service Sector**

%	Top management			Senior management			Middle management			Management in general		
	n	No.	%	n	No.	%	n	No.	%	n	No.	%
0	17	3	<b>18</b>	15	0	<b>0</b>	14	0	<b>0</b>	11	0	<b>0</b>
1-9	17	6	<b>35</b>	15	2	<b>13</b>	14	0	<b>0</b>	11	0	<b>0</b>
10-19	17	4	<b>24</b>	15	6	<b>40</b>	14	1	<b>7</b>	11	3	<b>27</b>
20-29	17	3	<b>18</b>	15	4	<b>27</b>	14	4	<b>29</b>	11	2	<b>18</b>
30-39	17	1	<b>6</b>	15	1	<b>7</b>	14	6	<b>43</b>	11	4	<b>36</b>
40-49	17	0	<b>0</b>	15	2	<b>13</b>	14	2	<b>14</b>	11	2	<b>18</b>
50-59	17	0	<b>0</b>	15	0	<b>0</b>	14	0	<b>0</b>	11	0	<b>0</b>
60-69	17	0	<b>0</b>	15	0	<b>0</b>	14	1	<b>7</b>	11	0	<b>0</b>

The following comments were made as regards this question:

- "I do not know whether I am a chauvinist, but I think that the sex of employees should not have any, whatsoever, significance."
- "Our organisation has always been a bit conservative, stuck into the traditions, the prospect for females as regards career development have not been very good."
- "In the old days, ten to fifteen years ago, it was forbidden for women to work over nights. Here, even if you work at a quite high level, sooner or later you have to work over night. Nowadays there are no more obstacles like this. There are females at every level in our organisation and after some years we'll have a lot more women in our management."
- "The sex of an employee is by no means essential, both women and men have the same opportunities and same wages. I do notice that the share of women is smaller in the management than in the workforce as a whole, but this is not a result of any conscious policy."

### **Approximate Share of Foreigners of the Workforce – Appendix G, Section 8, and No.9**

As many as 47 respondents (94%) stated that they had foreigners working for their organisation in Finland. Three manufacturing sector respondents maintained that they had only Finnish employees. Furthermore, as many as 34 (68%), explained that there are only some individual foreigners working for their company or that they account for 1% or less. At seven companies the share of foreigners was 4% or more. Four respondents stated that they do have foreigners, but could not provide any estimate of their numbers. In general, foreign employers were more common within the manufacturing sector. Four service sector respondents commented that insufficient command of the Finnish language was an obstacle to recruiting more foreigners.

**Table 4.72 Approximate Share of Foreigners of the Workforce**

	n	All			Manufacturing			Services		
		No.	%		No.	%		No.	%	
No foreigners	50	3	<b>6</b>		3	<b>9</b>		0	<b>0</b>	
Some individual cases	50	18	<b>36</b>		9	<b>27</b>		9	<b>53</b>	
1% or less	50	16	<b>32</b>		10	<b>30</b>		6	<b>35</b>	
2-3%	50	2	<b>4</b>		1	<b>3</b>		1	<b>6</b>	
4-5%	50	6	<b>12</b>		6	<b>18</b>		0	<b>0</b>	
6%	50	1	<b>2</b>		1	<b>3</b>		0	<b>0</b>	
Yes, but don't know the number	50	4	<b>8</b>		3	<b>9</b>		1	<b>6</b>	

### **Additional Issues Mentioned by the Respondents; Questionnaire Reference – Appendix G, Section 7, No. 10**

As many as 14 commented (28%) that equality has never been a problem within their company and therefore it has not been high on the organisation's agenda. Of those, at four companies the share of women of the total workforce was only 25% or less, four had no women in their top management and one company was by far dominated by women but their share of management in general was only 10%.

Eleven respondents (22%) mentioned training lectures or Internet databases related to the different cultures. Six companies (12%) followed regularly the number of women in their management and four had a special committee or work-group for equality matters. Issues mentioned at least by two respondents are listed in Table 4.73.

**Table 4.73 Additional Issues Mentioned with regard to Equal Opportunities**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
Equality issues have never caused any problems, the issue has not been high up in the agenda	50	14	<b>28</b>	33	9	<b>27</b>	17	5	<b>29</b>
Training, lectures on other cultures	50	11	<b>22</b>	33	5	<b>15</b>	17	6	<b>35</b>
Follow-up for share of women in management duties	50	6	<b>12</b>	33	2	<b>6</b>	17	4	<b>24</b>
Equality of opportunity committee or work-group	50	4	<b>8</b>	33	2	<b>6</b>	17	2	<b>12</b>
Job rotation or exchange of trainees brings different cultures to Finland	50	2	<b>4</b>	33	2	<b>6</b>	17	0	<b>0</b>
Equality or tolerance as a basic value	50	3	<b>6</b>	33	2	<b>6</b>	17	1	<b>6</b>
Equality is integral part of the personnel/HR policy	50	2	<b>4</b>	33	2	<b>6</b>	17	0	<b>0</b>

Furthermore, the following issues received individual support:

- "We organise basic training which every employee goes through, this training includes an equality component."
- "We have a diversity tool at use, to compare the ideal with reality."
- "Every year we distribute a special equality award for a supervisor or another person who had distinguished himself as regards the matter."



- "We cannot afford to discriminate in the current labour market situation. Together with some other companies we have co-operated with education institutions in order to attract more women to start technical studies. We have also tried to emphasise the role of the women and equal opportunities within our organisation to those young people who are considering to start a career in our field."
- "A long time ago we participated in a Nordic equality project."
- "We are a multinational company with tolerant attitudes, we regard everybody as equal, even if we do not have any written instructions for this."

#### **4.3.9 Work-life Balance**

##### **Flexibility in Working Hours; Questionnaire Reference – Appendix G, Section 8, No.1**

As many as 28 respondents (56%) stated that their company has, in general, adapted the principle of being flexible with regard to child care needs of employees. Further 19 stated that the flexibility depends on an immediate supervisor and three that there are not many possibilities for flexibility. The service sector had adapted the principle of being flexible more often than the manufacturing sector.

Twenty-two respondents (44%) had adapted the principle of being flexible with regard to employees' needs to look after their sick next-of-kin. Twenty-five respondents maintained that the flexibility depends on an immediate supervisor and the remaining three stated that there are not many possibilities for flexibility. As previously, the service sector had adapted the principle of being flexible more often than the manufacturing sector.

The respondents, in general, did not show much willingness to be flexible in working hours with regard to employees' hobbies or voluntary work. Only ten (20%) stated that the company has, in general, adapted the principle of being flexible with regard to employees' hobbies. Twenty-three regarded this to be a matter between a supervisor and the employee and the remaining 17 maintained that there were not much possibilities for flexibility.

Eleven respondents (22%) stated that their company has adopted a principle of being flexible with regard to employees' voluntary work. Further 19 maintained that the flexibility in working hours depends on a supervisor and as many as 18 stated that there are not many possibilities for this kind of flexibility.

**Table 4.74 Flexibility in Working Hours, All Respondents**

		Has adapted the principle of being flexible		In accordance with supervisor		Not much possibilities		Don't know	
	n	No.	%	No.	%	No.	%	No.	%
Child care needs of the employees	50	28	<b>56</b>	19	<b>38</b>	3	<b>6</b>	0	<b>0</b>
Needs of the employees to look after their sick next-of-kin	50	22	<b>44</b>	25	<b>50</b>	3	<b>6</b>	0	<b>0</b>
Hobbies of the employees	50	10	<b>20</b>	23	<b>46</b>	17	<b>34</b>	0	<b>0</b>
Voluntary work of the employees	50	11	<b>22</b>	19	<b>38</b>	18	<b>36</b>	2	<b>4</b>

**Table 4.75 Flexibility in Working Hours, Manufacturing Sector**

		Has adapted the principle of being flexible		In accordance with supervisor		Not much possibilities		Don't know	
	n	No.	%	No.	%	No.	%	No.	%
Child care needs of the employees	33	17	<b>52</b>	14	<b>42</b>	2	<b>6</b>	0	<b>0</b>
Needs of the employees to look after their sick next-of-kin	33	12	<b>36</b>	19	<b>58</b>	2	<b>6</b>	0	<b>0</b>
Hobbies of the employees	33	7	<b>21</b>	15	<b>45</b>	11	<b>33</b>	0	<b>0</b>
Voluntary work of the employees	33	7	<b>21</b>	11	<b>33</b>	13	<b>39</b>	2	<b>6</b>

**Table 4.76 Flexibility in Working Hours, Service Sector**

		Has adapted the principle of being flexible		In accordance with supervisor		Not much possibilities		Don't know	
	n	No.	%	No.	%	No.	%	No.	%
Child care needs of the employees	17	11	<b>65</b>	5	<b>29</b>	1	<b>6</b>	0	<b>0</b>
Needs of the employees to look after their sick next-of-kin	17	10	<b>59</b>	6	<b>35</b>	1	<b>6</b>	0	<b>0</b>
Hobbies of the employees	17	3	<b>18</b>	8	<b>47</b>	6	<b>35</b>	0	<b>0</b>
Voluntary work of the employees	17	4	<b>24</b>	8	<b>47</b>	5	<b>29</b>	0	<b>0</b>

Eight respondents (16%) provided consistently positive answers to the parameters listed in this question. Within the service sector the figure was three (18%) and within the manufacturing sector five (15%). Two respondents, one manufacturing and one service sector representative provide consistently negative answers to all the parameters listed, the reasons mentioned were reorganisation or current bad profitability of the industry.

### **Flexibility in Working Times or Career Breaks in Order to Promote Work-life Balance; Questionnaire Reference – Appendix G, Section 8, No.2**

When it comes to flexible working time and career breaks for employee to be able to better balance their family and private commitments, the parameter yielding here the highest score was a part-time pension. All respondents gave an affirmative answer to this. Flexitime was possible at 49 (98%) companies. Generally it was commented that flexitime could be applied by those whose work it fits, such as those carrying through office tasks.

The possibility for job-alternation leave existed at 43 (86%) companies. One manufacturing sector respondent commented that even if the theoretical opportunity for this existed "due to the recent redundancies the employees are scared to use this option."

Possibility for part-time work, in excess to legislative requirements, existed in 32 (64%) companies. Part-time work was far more commonly available as an alternative within the service sector, as many as 14 (82%) respondents giving an affirmative answer where as within the manufacturing sector this figure was 18 (55%) and generally comments like "there are not too many of those having a part-time contract, but the possibility exists" were added. One service sector respondent, with a high number of part-time employees, commented that "some of the part-timers have chosen their type of contract voluntarily".

Opportunity for teleworking existed at 30 (60%) companies. Twenty of those added that in practice, teleworking was not widely in use and has been applied only by few. The lowest support was received by 6+6 shifts. Only one manufacturing sector respondent provided an affirmative answer to this. It should be noted, however, that this question does not reflect at what extent flexible working times are applied.

Two manufacturing sector respondents commented that flexible working hours were not applied by the company because of the employees need to balance their private commitments with work but because of the company's own needs for flexibility. Details for this question are presented in Table 4.77.

**Table 4.77 Flexible Working Times or Career Breaks**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Flexitime	50	49	<b>98</b>	32	<b>97</b>	17	<b>100</b>
Tele-working	50	30	<b>60</b>	19	<b>58</b>	11	<b>65</b>
Job alternation leave	50	43	<b>86</b>	28	<b>85</b>	15	<b>88</b>
Time banking	50	21	<b>42</b>	15	<b>45</b>	6	<b>35</b>
Sabbatical	50	20	<b>40</b>	10	<b>30</b>	10	<b>59</b>
Part-time pension	50	50	<b>100</b>	33	<b>100</b>	17	<b>100</b>
Compressed week	50	15	<b>30</b>	12	<b>36</b>	3	<b>18</b>
Part-time	50	32	<b>64</b>	18	<b>55</b>	14	<b>82</b>
6+6 shifts	50	1	<b>2</b>	1	<b>3</b>	0	<b>0</b>

Other examples of flexible working times mentioned here were as follows:

- There is an agreement of flexible individual working times in the company's own local agreement.
- Individual working time arrangements, for example, when it comes to taking children to school.

- Only the results are monitored, not the working hours.
- Mothers returning from their parental leave work shorter days or shorter weeks
- An employee can work for a six day shift and then have six days holiday.
- Days between two bank holidays can be done in and when have a longer holiday period
- Some employees have shorter workdays when the children start their school.
- End of holiday payment can be changed to free-time.

### **Means Used to Promote Work-life Balance; Questionnaire Reference – Appendix G, Section 8, No. 3**

Only two respondents claimed to have organised free or subsidised child-care for employees' children. One of those, a service sector respondent, explained that this has taken place in exceptional situations, when all the employees are needed at work and a holiday-ban has been set. This is going to be the case, for example, when Finland transfers to Euro. The other, a manufacturing sector respondent explained that they had provided support in the form of help for looking for a suitable nursery place, near to the workplace. Five respondents who provided a negative answer to this question commented that "organising daycare is the task of municipalities and therefore there is no demand". Two respondents explained that they provided child-care services in the past, "last time in the 1970's, but this has been finished a long time ago". One respondent argued that "child-care is currently so well organised by the municipalities that nobody can ask for any better system".

Daycare for employees sick children was currently provided by seven organisations (14%) and a further seven (14%) had included this in their future plans. Within the latter group the respondents, in general, made a reference to the favourable change in taxation, which has enabled experiments to start in this field. Two respondents referred to the ethical side of the matter and commented that "the parents are best nurses for their own children".

Better maternity or paternal leave advantages than stipulated in law and collective agreements were offered by eight (16%) respondents. Three of those added, however, that these were offered only for certain groups of employees, older ones, upper-clerical staff, or on an individual basis.

Ten respondents (20%) claimed to have encouraged men to use their family leave options. This was more common within the manufacturing sector than within the service sector. In general, those who declined to provide an affirmative answer to this question explained

that the atmosphere within the company is permissive or that at least nobody has been forbidden to use their family leave options. One respondent commented that "in these days young men seem to be well aware of their rights with regard to the matter". Another respondent stated that the company is "all too work-centred to start to encourage anybody to have a leave".

Supplementary training for those returning from family leave was organised at 18 organisations (36%) and surveys on implementation of the work-life balance at 19 (38%) organisations. The details for this question are presented in Tables 4.78, 4.79 and 4.80.

**Table 4.78 Means Used to Promote Work-life Balance, All Respondents**

	Yes			No, but included in future plans		No		Don't know	
	n	No.	%	No.	%	No.	%	No.	%
Free or subsidised child care	50	2	<b>4</b>	0	<b>0</b>	47	<b>94</b>	1	<b>2</b>
Daycare for employees sick children	50	7	<b>14</b>	7	<b>14</b>	35	<b>70</b>	1	<b>2</b>
Better maternity or parental leave advantages than in law and collective agreements	50	8	<b>16</b>	2	<b>4</b>	40	<b>80</b>	0	<b>0</b>
Encouragement for men to use their family leave options	50	10	<b>20</b>	2	<b>4</b>	37	<b>74</b>	1	<b>2</b>
Supplementary training for those returning from family leave	50	18	<b>36</b>	0	<b>0</b>	30	<b>60</b>	2	<b>4</b>
Surveys on implementation of work-life balance	50	19	<b>38</b>	0	<b>0</b>	30	<b>60</b>	1	<b>2</b>

**Table 4.79 Means Used to Promote Work-life Balance, Manufacturing Sector**

	Yes			No, but included in future plans		No		Don't know	
	n	No.	%	No.	%	No.	%	No.	%
Free or subsidised child care	33	1	<b>3</b>	0	<b>0</b>	31	<b>94</b>	1	<b>3</b>
Daycare for employees sick children	33	3	<b>9</b>	6	<b>18</b>	23	<b>70</b>	1	<b>3</b>
Better maternity or paternal leave advantages than in law and collective agreements	33	3	<b>9</b>	1	<b>3</b>	29	<b>88</b>	0	<b>0</b>
Encouragement for men to use their family leave options	33	8	<b>24</b>	2	<b>6</b>	22	<b>67</b>	1	<b>3</b>
Supplementary training for those returning from family leave	33	11	<b>33</b>	0	<b>0</b>	21	<b>64</b>	1	<b>3</b>
Surveys on implementation of work-life balance	33	13	<b>39</b>	0	<b>0</b>	19	<b>58</b>	1	<b>3</b>

**Table 4.80 Means Used to Promote Work-life Balance, Service Sector**

	Yes			No, but included in future plans		No		Don't know	
	n	No.	%	No.	%	No.	%	No.	%
Free or subsidised child care	17	1	<b>6</b>	0	<b>0</b>	16	<b>94</b>	0	<b>0</b>
Daycare for employees sick children	17	4	<b>24</b>	1	<b>6</b>	12	<b>71</b>	0	<b>0</b>
Better maternity or paternal leave advantages than in law and collective agreements	17	5	<b>29</b>	1	<b>6</b>	11	<b>65</b>	0	<b>0</b>
Encouragement for men to use their family leave options	17	2	<b>12</b>	0	<b>0</b>	15	<b>88</b>	0	<b>0</b>
Supplementary training for those returning from family leave	17	7	<b>41</b>	0	<b>0</b>	9	<b>53</b>	1	<b>6</b>
Surveys on implementation of work-life balance	17	6	<b>35</b>	0	<b>0</b>	11	<b>65</b>	0	<b>0</b>

#### **Additional Issues Mentioned by the Respondents; Questionnaire Reference – Appendix G, Section 8, No. 4**

Discussion or experimentation about organising child care support for employees' sick children or other concierge services were currently going on at five respondent organisations (10%). Further five respondents (10%) organised counselling as regards employee private affairs or problems. Counselling was carried through either by personnel/HR management, occupational health care centre or a priest with therapeutical qualifications. Holiday cabins or other free-time accommodation was mentioned by four respondents (8%). Support to free-time sport or other hobbies was mentioned by two respondents (4%).

**Table 4.81 Additional Issues Mentioned by Respondents with regard to Work-life Balance**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
Discussion or experiments about organising child care	50	5	<b>10</b>	33	2	<b>6</b>	17	3	<b>18</b>
Support for employees' sick children or other concierge services									
Counselling with regard to private affairs or problems	50	5	<b>10</b>	33	5	<b>15</b>	17	0	<b>0</b>
Holiday cabins or other free-time accommodation	50	4	<b>8</b>	33	3	<b>9</b>	17	1	<b>6</b>
Support for free-time sport and other hobbies	50	2	<b>4</b>	33	2	<b>6</b>	17	0	<b>0</b>

Furthermore, the following issues received individual support:

- "Our personnel/HR policy states that it is important that our employees have a good balance between work and private life. It is the basis for everything that employees have a happy free-time."
- "As a female dominated sector the issues related to the childcare hit us the hardest. I hope that the situation will change in a way that, in case of a female employee, an employer could ask an account with regard to father's workshifts and inquire whether it could have been possible for him to take at least part of the responsibility for the childcare".

- "We have companies offering concierge services on the site or near to our workplaces. We have agreements with these companies and employees can buy them concierge services including laundry, cleaning services, food, etc. We do not pay them on behalf of our employees, but if enough many buys the services the prices come down".
- "Our company pays G.P as well as specialist doctor services for employees' children under 18 years. At the beginning our occupational health care services were addressed to employees families as well, but this is not the case any more. Those who are acquiring a pension from the company are also covered by the occupational health care services, but this concerns only the parent company. This is also 'a relict' from old times."
- "In old times we used to organise all sort of activities. We had, for example, advisers in housekeeping working for our company. Many workplaces were located in woodlands and we had to construct a whole society around them with all the related services like hospitals, schools etc. We used to have these kind of traditions, but this all happened a long time ago."
- "'Management of life' forms an important part of our keep-in fit meetings. We have a long tradition for this."
- "We provide our employees a possibility to spend their holiday in a fitness centre. However, this opportunity has not been used too much."
- "Some parts of our sport and recreational activities are addressed to the employees' families alike."
- "We organise little Christmas parties for employees' children"
- "We organise summer camps for employees' children. They have been very popular, the one for the next summer has already been booked up."

#### **4.3.10 Employment Policy and Groups Experiencing Difficulties on the Labour Markets**

##### **Increase or Decrease in the Number of Personnel; Questionnaire Reference – Appendix G, Section 9, No. 1**

The answers to this question indicate that the year 2000 was a good year from the point of view of employment. As many as 24 (48%) respondents had increased and only ten (20%) have decreased their personnel in 2000. The service sector scored higher than the manufacturing sector with regard to increasing the personnel.

**Table 4.82 Decrease or Increase in Number of Personnel**

	n	All			Manufacturing		Services	
		No.	%	No.	%	No.	%	
Increased	50	24	<b>48</b>	14	<b>42</b>	10	<b>59</b>	
Replaced wastage	50	16	<b>32</b>	12	<b>36</b>	4	<b>24</b>	
Decreased	50	10	<b>20</b>	7	<b>21</b>	3	<b>18</b>	

Of those 24 which had increased their personnel four (17%) stated that the number of personnel has increased more than 10%. The highest record here was 30% increase in personnel. Companies dealing with new technology, such as electronics and telecommunications gathered the exceptionally high scores (more than 15%).

**Table 4.83 Increase in Number of Personnel**

	n	All			Manufacturing			Services		
		No.	%	n	No.	%	n	No.	%	
0.5-2%	24	4	<b>17</b>	14	2	<b>14</b>	10	2	<b>20</b>	
3-4%	24	4	<b>17</b>	14	2	<b>14</b>	10	2	<b>20</b>	
5-10%	24	9	<b>38</b>	14	6	<b>43</b>	10	3	<b>30</b>	
11-15%	24	1	<b>4</b>	14	0	<b>0</b>	10	1	<b>10</b>	
16-20%	24	2	<b>8</b>	14	1	<b>7</b>	10	1	<b>10</b>	
30%	24	1	<b>4</b>	14	1	<b>7</b>	10	0	<b>0</b>	
Don't know	24	3	<b>13</b>	14	2	<b>14</b>	10	1	<b>10</b>	

Only ten respondents have decreased their total labour force during the 2000. Five of these have decreased their personnel 5% or more. The highest scores here were within the manufacturing sector, three companies having decreased their personnel 9% or more. The highest score within the manufacturing sector was taken by a food and drinks sector respondent and within the service sector a transport and forwarding sector respondent.

**Table 4.84 Decrease in Number of Personnel**

	n	All			Manufacturing			Services		
		No.	%	n	No.	%	n	No.	%	
0.5-2	10	4	<b>40</b>	7	2	<b>29</b>	3	2	<b>67</b>	
3-4%	10	1	<b>10</b>	7	1	<b>14</b>	3	0	<b>0</b>	
5-6%	10	1	<b>10</b>	7	0	<b>0</b>	3	1	<b>33</b>	
7-8%	10	1	<b>10</b>	7	1	<b>14</b>	3	0	<b>0</b>	
9-10%	10	2	<b>20</b>	7	2	<b>29</b>	3	0	<b>0</b>	
11-12%	10	1	<b>10</b>	7	1	<b>14</b>	3	0	<b>0</b>	

### Targeted Recruitment; Questionnaire Reference – Appendix G, Section 9, No. 2

University and college leavers were by far the most popular group with regard to targeted recruitment (38, 76%). One respondent specified that they had targeted especially university leavers and another that they had targeted the very best of this group.



Only seven respondents (14%) have targeted the long-term unemployed. Two further respondents maintained that some long-term unemployed have been taken through normal recruitment process, even if they have not been targeted. One respondent commented that since the employment situation has been improved in the country there are no more "masses of people yelling with joy if offered an employment opportunity".

As few as four respondents (8%) had targeted older people in their recruitment. One service sector respondent specified that at some of their business units the average age is very low, and for this reason it has been considered necessary to recruit more people with longer work experience. Two respondents stated that they target the younger ones but have recently recruited an employee around 50 years or somebody near to the pension age as well. One respondent referred to the high average age within the organisation and commented that they are "certainly not in any position to try to attract more ageing employees". Furthermore, one respondent commented that "the biggest concern of the ageing people is that they would be employed by somebody."

"Ageing people are more likely to sit hands clasped and hope that they would be allowed to go from one benefit to another, and eventually receive their old age pension. That's why there are not too many applicants coming from this group."

Only two respondents (4%) had targeted immigrants or ethnic minorities. Further two respondents commented that, in general, they recruit immigrants only if they have a good command of the Finnish language, which is not normally the case. One manufacturing sector respondent which ticked 'no, but is included in the future plans' referred to the predicted labour shortage and commented that there has been an on-going discussion within the company over how to attract more immigrants to Finland in the future.

Six respondents (12%) had targeted disabled people in their recruitment process, two of these stating that this has taken place rather actively. Two further respondents, one from manufacturing and one from service sector, commented that the work within their organisation is heavy or that is not for safety reasons suitable for people with disabilities. Furthermore, one respondent referred to the Finnish social security system and commented that it is currently too expensive for a big company to employ people with disabilities.

Further six respondents (12%) stated that they have targeted the low-skilled people in their recruitment. Examples mentioned here were recruitment after a training course for those

who were in a voluntary tenth class of the nine years compulsory comprehensive school and apprenticeship schemes.

None of the respondents had targeted all the groups listed. One respondent, a service sector representative had targeted, apart from university and college leavers, four other groups. These were the long-term unemployed, immigrants/ethnic minorities, people with disabilities as well as the low skilled. This company had also increased its personnel in 2000 by 10% and had had no redundancies in 1999-2001. Three other respondents, one service sector and two manufacturing sector representatives had targeted, apart from university and college leavers, three other groups. Two of these had increased their personnel in 2000, one even as many as 20%. The remaining one explained that they experience shortage of labour seasonally.

**Table 4.85 Targeted Recruitment, All Respondents**

	n	Yes actively		Yes to some extent		Included in future plans		No		Don't know	
		No.	%	No.	%	No.	%	No.	%	No.	%
University and college leavers	50	22	<b>44</b>	16	<b>32</b>	1	<b>2</b>	11	<b>22</b>	0	<b>0</b>
Long-term unemployed	50	0	<b>0</b>	7	<b>14</b>	0	<b>0</b>	41	<b>82</b>	2	<b>4</b>
Older people	50	0	<b>0</b>	4	<b>8</b>	0	<b>0</b>	44	<b>88</b>	2	<b>4</b>
Immigrants/ethnic minorities	50	0	<b>0</b>	2	<b>4</b>	1	<b>2</b>	45	<b>90</b>	2	<b>4</b>
People with disabilities	50	2	<b>4</b>	4	<b>8</b>	0	<b>0</b>	42	<b>84</b>	2	<b>4</b>
Low-skilled	50	1	<b>2</b>	5	<b>10</b>	0	<b>0</b>	42	<b>84</b>	2	<b>4</b>

**Table 4.86 Targeted Recruitment, Manufacturing Sector**

	n	Yes Actively		Yes to some extent		Included in future plans		No		Don't know	
		No.	%	No.	%	No.	%	No.	%	No.	%
University and college leavers	33	14	<b>42</b>	12	<b>36</b>	0	<b>0</b>	7	<b>21</b>	0	<b>0</b>
Long-term unemployed	33	0	<b>0</b>	4	<b>12</b>	0	<b>0</b>	27	<b>82</b>	2	<b>6</b>
Older people	33	0	<b>0</b>	2	<b>6</b>	0	<b>0</b>	29	<b>88</b>	2	<b>6</b>
Immigrants/ethnic minorities	33	0	<b>0</b>	0	<b>0</b>	1	<b>3</b>	30	<b>91</b>	2	<b>6</b>
People with disabilities	33	1	<b>3</b>	3	<b>9</b>	0	<b>0</b>	27	<b>82</b>	2	<b>6</b>
Low-skilled	33	0	<b>0</b>	3	<b>9</b>	0	<b>0</b>	28	<b>85</b>	2	<b>6</b>

**Table 4.87 Targeted Recruitment, Service Sector**

	n	Yes actively		Yes to some extent		Included in future plans		No		Don't know	
		No.	%	No.	%	No.	%	No.	%	No.	%
University and college leavers	17	8	<b>47</b>	4	<b>24</b>	0	<b>0</b>	5	<b>29</b>	0	<b>0</b>
Long-term unemployed	17	0	<b>0</b>	3	<b>18</b>	0	<b>0</b>	14	<b>82</b>	0	<b>0</b>
Older people	17	0	<b>0</b>	2	<b>12</b>	0	<b>0</b>	15	<b>88</b>	0	<b>0</b>
Immigrants/ethnic minorities	17	0	<b>0</b>	2	<b>12</b>	0	<b>0</b>	15	<b>88</b>	0	<b>0</b>
People with disabilities	17	1	<b>6</b>	1	<b>6</b>	0	<b>0</b>	15	<b>88</b>	0	<b>0</b>
Low-skilled	17	1	<b>6</b>	2	<b>12</b>	0	<b>0</b>	14	<b>82</b>	0	<b>0</b>

Thirty-eight companies (76%) declined to provide an affirmative answer for targeted recruitment of the long-term unemployed, immigrants/ethnic minorities, people with disabilities and the low-skilled. Within the service sector this figure was 12 (71%) and within the manufacturing sector 26 (79%).

Examples of explanations for consistently negative answers were as follows:

- "We have not targeted any of these groups but some of them have been taken in through normal recruitment."
- "We target the best and the most competent employees."
- "We do not discriminate but our aim is to obtain better and better educated employees."
- "We have not targeted any of these groups but I could well imagine that in the future, because of the predicted labour shortage, these groups will not experience any difficulties to find a job."
- "There has been no particular supply or any perceived willingness in the part of these groups to come to work at our organisation. Perhaps these people have already got too passive and they are not even trying to find a job."
- "The local authorities are the ones who have the obligation to offer employment opportunities for those without a job."
- "In this market situation we are not really making an effort to get more employees here".
- "We would not discriminate against people with disabilities or those having an ethnic background, but we always check what applicants have done previously. I doubt the possibility to find enough expertise among the older people or long-term unemployed."
- "We are looking for competence and it is unlikely that you could find this among these groups."

### **Principles or Guidelines with regard to Employment of People with Disabilities; Questionnaire Reference – Appendix G, Section 9, No. 3a**

Only four companies claimed to have defined principles or guidelines with regard to employment of people with disabilities and a further one has included this in their future plans. Three out of those four who had defined principles or guidelines were service sector representatives and this was the case with regard to the respondent who had included the parameter into the company's future plans. Here, the positive answer was only accepted if the principles or guidelines were defined as regards employment of people with disabilities from outside of the company, since Finnish law already have requirements with regard to

taking into account the employees with disabilities when organising work (see Occupational Safety and Health Act 1958/299).

**Table 4.88 Principles or Guidelines with regard to Employment of People with Disabilities**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Yes	50	4	<b>8</b>	1	<b>3</b>	3	<b>18</b>
No, but included in future plans	50	1	<b>2</b>	0	<b>0</b>	1	<b>6</b>
No	50	44	<b>88</b>	31	<b>94</b>	13	<b>76</b>
Don't know	50	1	<b>2</b>	1	<b>3</b>	0	<b>0</b>

The examples of the principles or guidelines were as follows:

- "We do not have any written instructions but our recruitment unit has been informed about the adaptability of people with different type of disabilities to the tasks performed."
- "We have agreed on principles. Supervisors are encouraged to recruit people with disabilities. Nobody is forced, however, to this. The experiences have been very positive. The whole work community has become more tolerant and mature when the diversity has increased. No bullying or related problems have been perceived."
- "We have a continuing and active co-operation with municipal rehabilitation centers. We employ mentally handicapped which are able and willing to work for us. We regard this as a part of our responsibility policies and it has worked very well."
- "We have had a discussion over this and in the future we might produce written instructions over the matter. We are a big employer and for this reason it is necessary to pay attention to the medical examination and to be strict with regard to the occupational fitness of an applicant with disabilities."

The service sector respondent, who ticked 'included in future plans', explained that there has been some discussion over the possibility to recruit mentally handicapped to certain types of routine tasks, like sorting and organising goods. Three respondents explained that they had instructions in case their own employees got disabilities, but not for recruiting people with disabilities outside of the company.

Six respondents, all manufacturing companies, who declined to provide an affirmative answer to this question, made a reference to the pension costs which a big employer is obliged to pay in case of early retirement which both encouraged the companies to take good care of their own staff in case of disabilities and prevented them to employ people with disabilities from outside of the company. The examples of the comments were as follows:

- "A big company takes a full responsibility for pension costs of employees. If a 45 year-old person, for example, is in a threat to loose his or her working capacity it is advantageous for us to try to keep him/her at work as long as possible. Otherwise the company is obliged to pay millions of Finnish marks in a form of a disability pension. This guarantees that a company takes care of the rehabilitation and continuing employment opportunities of its own employees. Hiring a person with disabilities is a financial risk for a company. We cannot take this risk."
- "The disability pension is not a cheap alternative and this consequently guarantees that we do everything to keep our own employees at work as long as possible. I do not believe that there is a company in Finland, who would not do the same."
- "The government and labour administration officers, those who had prepared those acts related to pensions, had not come to think about all the consequences. What ever happens to our employees we, as a big employer, bear the responsibility. This effectively prevents big companies from participating in this kind of employment activities."
- "The social security system prevents us from recruiting people with disabilities, even if it would be a good aim as such. We had, for example, one employee who was working for us only for three months and he got mentally sick and had to go on disability pension. We had to pay millions of Finnish marks for this. The reverse side of this kind of regulation is, off course, that longer an employee is willing and capable of staying at work the better for us."

In addition, one respondent explained that:

"In these days employees are happier to go to a disability pension and are more like disappointed if we do not let them to do this. The social security is high enough that nobody is willing to continue at work. If somebody wants to stay at work we are looking for possibilities for rehabilitation and retraining, but our experience is that people are not willing to stay."

### **People with Disabilities Currently Employed; Questionnaire Reference – Appendix G, Section 9, No. 3b**

The large majority of the respondents (41, 82%) stated that they had people with disabilities working for their organisation. Five respondents stated, however, that most of these were more like people with problems related to their health, rather than disabled. A question as to how to define 'a person with disabilities' or where to draw the line was raised.

**Table 4.89 The Companies which Currently Employ People with Disabilities**

	n	Yes		No		Don't know	
		No.	%	No.	%	No.	%
All	50	41	<b>82</b>	5	<b>10</b>	4	<b>8</b>
Manufacturing	33	25	<b>76</b>	4	<b>12</b>	4	<b>12</b>
Services	17	16	<b>94</b>	1	<b>6</b>	0	<b>0</b>

Twenty-nine of those 41 stated that the number of this group is not monitored. Two respondents referred to the Act on Protection of Privacy in Working Life (2000/477) and explained that they were not quite sure if this kind of recording is legally possible. Furthermore, one respondent commented that "it would be discriminatory to start to keep records on people in poor health".

Consequently, only 12 respondents provide an estimate with regard to the number of people with disabilities working for their organisation. One respondent mixed immigrants with people with disabilities and another included Vietnamese employees to the accounted percentage.

**Table 4.90 Number of People with Disabilities Currently Employed**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
Less than five persons	12	3	<b>25</b>	6	1	<b>17</b>	6	2	<b>33</b>
5-10 persons	12	1	<b>8</b>	6	0	<b>0</b>	6	1	<b>17</b>
0.5-1.5%	12	6	<b>50</b>	6	3	<b>50</b>	6	3	<b>50</b>
>1.5%	12	2	<b>17</b>	6	2	<b>33</b>	6	0	<b>0</b>

**Details Related to the People with Disabilities Employed by the Company; Questionnaire Reference – Appendix G, Section 10. No. 3c) 3d) and 3e)**

As many as 18 respondents (36%) of all 50 respondents stated that they had recruited people with disabilities from outside of the company group. Within the manufacturing sector the corresponding figure was 11 (33%) and within the service sector seven (41%).

Seven respondents had a special project, agreement on offering employment opportunities to people with disabilities or had employed people with disabilities from outside of the company at least partly for social responsibility reasons. Within the manufacturing sector the corresponding figure was five and within the service sector two. It should be noted that two out of those five manufacturing sector representatives could be characterised to represent heavy process industry.

Three of those seven had been systematically active in this field, one manufacturing sector representative and two service sector representatives. One of these commented, however, that since society is taking care of people with disabilities there are not necessarily too much supply from this group. Two of those had employed mostly mentally handicapped. Examples of these three systematic level projects were as follows:

- "We have here certain tasks for which we have employed people with disabilities. We have been willing to bear our part of social responsibility with regard to this matter. We have recruited e.g. the blind and the motion-handicapped. The number of them, however, is currently not very high, under 1% of our workforce. These people are mostly working in clerical tasks. We have given them the necessary initial training and some special equipment has had to be provided as well.
- "We have people with disabilities in assisting tasks, such as in the bottle return stations, filling up the shelves, sorting out the stores etc. Majority of our new employees with disabilities are mentally handicapped, part of them can read and write but some of them cannot. We employ about 20 at the moment and every year we get five more. Some of them had been working for us already for six years. We get some support for this at the initiative stage since the initial trainers are provided by the labour administration. The training period can last half a year or sometimes even nine months and after this an employment contract is made. Most of the contracts are part-time since many times there is no fitness or willingness to take a full-time job or an employee has a part-time pension which he/she does not want to give up."
- "We have an active co-operation with municipal rehabilitation centres. They provide us employees or sometimes the tasks are taken there. Most of the employees are mentally handicapped. Some of them are permanently living in a rehabilitation centre and they are brought here by a car and when fetched back. I do not know the exact number of the employees coming from the rehabilitation centres, sometimes we have tens of them and sometimes only few. Most of them are coming on a basis of an agreement with a rehabilitation centre and they work as long as they are capable to do this or as long as there are suitable work for them. There are, however, some who had stayed for years and have a regular contract. People with disabilities are mostly working in our stores or in assembling tasks. We are not receiving any financial support for this. We pay the salaries and the rehabilitation centre takes care of the other costs. Special work initiators within our company has been trained for this purpose."

The remaining four of those seven respondents had been active in this field more like an ad hoc basis or the details of the activities were not well known by the respondent or the activity has happened a long time ago. These companies were all manufacturing sector representatives.

- "We have carried out some experiments in this field in co-operation with employment authorities. The initiative has come from their side. I do not know, however, details on these experiments or whether we currently employ people with disabilities. "
- "We have employed people with disabilities and some of them have been taken in more like on social grounds. Most of these have had a fixed term contract, but there are some with a regular one as well. The people with disabilities are mostly working in easy manual tasks. The number of them is not very high, under one per cent of the workforce. We have not applied for any subsidies, since it is time-consuming to start to fill forms and in the end it comes more expensive in this way."
- "We have employed about 20 employees with disabilities. They are working, for example, for our mail centres. They have been employed in co-operation with the local employment authorities. I do not know details about this, but some of them are motion-handicapped."

- "There are some employees with physical disabilities who are working for us. They have been selected through normal recruitment process but at least partly for social sympathy. They have a regular contract and are working both in clerical and productional tasks. These employees with disabilities have mostly been employed in 1980's and 1990's."

Eleven respondents stated that they had some employees with disabilities, which have been selected through normal recruitment process as the best applicants for the job in question. Within the manufacturing sector this figure was six and within the service sector five. People with disabilities were working both in easy manual tasks in production as well as IT designers, planners and in product development or in other clerical tasks. Three respondents thought that there are likely to be some people with disabilities among the new recruits, but were not able to provide further details.

The examples of these are as follows.

- "We take assistants for rush seasons and have a special list on which people can enroll themselves. There are some people with disabilities on the list as well. The work is mainly related to packaking."
- "We have some people with disabilities working for our company, mostly in manual tasks in our production. As far as I know some of these are aurally handicapped and we have got some support for providing interpretation services."
- "We have some people with disabilities in our production. We have, for example, one deaf employee who is leading a team. We got some support in form of interpretation services in order to give him initiation training."
- "We have only few people with disabilities working for us. Some aurally handicapped, motion-handicapped and some with a speech defect. The work is usually physical. It is possible to get support for employment of people with disabilities at the piloting stage."
- "I have seen one who is using a wheelchair and I know that there are others. They are mostly working for product development or design."
- "We have some people with disabilities working for our organisation. I know two who are using a wheelchair and there is one who is blind. They are all working as IT-designers or analysts. In some workplaces toilets for disabled have been constructed. The blind one has his/her own special equipment as well. I do not know whether we have got financial support for this".
- "We have three employees using wheelchairs. They are all well educated IT designers and full standing members of our work community."
- "We have some employees with disabilities, for example in IT tasks, clerical tasks and working for our stores. I know one who is a dwarf and another who is sitting in a wheelchair. They have all come through the normal recruitment process."



Twenty-two respondents stated that there were currently people with disabilities working for their company explained that these were mostly those who had got disabled when having an employment contract with the company. In general, reference was made to rehabilitation and in case an employee is not capable to perform his/her previous tasks retraining and transfer to new tasks. Examples of these were as follows:

- "If our own employee turn out to have disabilities, we try to look for every possibility to rehabilitation and, if needed, a transfer to other tasks. When training the employees we have stressed that if an employee is not, after rehabilitation, capable of performing the previous tasks, he or she should openly talk about this. In this case other members of a team could try to help. The main responsibility for this lies, off course, with a supervisor. We try to screen the possible disabilities as early as possible when the opportunities for rehabilitation are at their best."
- "We have had co-operation with pension funds and with the Occupational Health Care Centre and we also have written guidelines with regard to the matter. We have, for example, employees who had got injured at their leisure. One of those worked only for part-time at first but now he/she is working for full-time but partly at home. Another one who got injured in a traffic accident was trained to a part-time task. We also have some visually disabled, for example, at our telephone exchange station. We systematically work in order to enable people with health related problems to continue at their previous job and try to reform the job if it is not otherwise possible. The teleworking is also an alternative in these cases. We have tried to combine the social security benefits and a part-time job in a way that an employee can keep his/her previous income level."
- "We have, off course, had to have take into use measures for adaptation. We have had some employees with heart disease, some with muscular regeneration. We try what we can in order to facilitate circumstances for these people. Some have been able to get a partial disability pension."
- "We have very few people with disabilities working for our company. Somewhere there might be, for example, a gate guard. We are trying to provide those employees whose working capacity had decreased retraining in co-operation with Finnish Social Security Institution (KELA) and other government officers. We have sometimes received rehabilitation subsidies from KELA, in case an employee is not capable of performing his/her tasks any more and he or she has capacity and willingness to retrain himself or herself to, for example, clerical tasks. Especially the older employees are more willing, however, to retire. We have in Finland an individual early retirement pension which employees, in general, find attractive."
- "In case of disabilities, we do everything possible. We organise the working conditions etc. This is part of normal activities of a human being, that everybody tries to help those in difficulties. In terms of money, it is also advantageous for us to try to keep everybody at work as long as possible. At our factories the doctor has a veto-right, if somebody gets sick and the doctor thinks that everything is not quite as it should be, he can transfer an employee to other tasks even if the line management would be against this. We also have co-operative groups at our factories in which we are trying to help people who have difficulties."

- "We have at least one blind employee and one sitting in a wheelchair. I know that one of our employees took part in the olympics games for handicapped. We probably also have quite many employees with health problems since the average age is high within our company."

#### **Companies who have Employed or Offered Training Possibilities for the Unemployed – Questionnaire Reference – Section 9, No.4**

Five respondents (10%), three manufacturing and two service sector respondents specified training courses for the long-term unemployed or the ageing unemployed which had been organised in co-operation with employment authorities. Examples of these were as follows:

- "We have organised a couple of vocational training courses for the long-term unemployed, the ageing unemployed as well as for immigrants. We have organised this twice for 25 people of whom half were unemployed and half immigrants. The courses lasted for three months. The participants did not receive any pay during the training but after this a normal employment contract was made. Some participants set up they own company and worked for us through this. These courses were part of our responsibility policies and we shall organise them in the future as well."
- "We have co-operated with employment authorities in organising training courses for the long-term unemployed as well as the ageing unemployed. Some of these have also got a permanent job within our company."
- "We have organised different projects and training courses in co-operation with employment authorities for the long-term unemployed and for the ageing unemployed, but as a rule the experiences have been negative."
- "We had organised training for the ageing unemployed who have acquired their qualification in IT-business."

Seven respondents (14%), five manufacturing companies and two service companies stated that they had offered training possibilities for individual long-term unemployed who had come from training courses organised by employment authorities. Three of those mentioned that some of them had stayed in the company after the training. One respondent, however, commented that number of those long-term unemployed continuing after the training period was limited, even if the company had been ready to employ more people since "many of the long-term unemployed were not coping well with their job and were irregularly at present".

Six respondents (12%), all manufacturing sector companies explained that they had co-operated with local employment agencies and some unemployed people have come to work for the company through this channel. Two respondent used employment agencies in order

to cover their workforce needs during the seasonal peaks. One company explained that even if they had sometimes employed long-term unemployed, nobody has been taken in because of the financial support given.

Two respondents (4%), both manufacturing companies explained that they had planned an education programme together with employment authorities. One of those explained that the programme included theoretical part and practical training carried out at the company. This training was complementary to the normal recruitment process. Another company was currently planning a programme with employment authorities, which would lead to a formal vocational qualification.

Ten respondents (20%), six manufacturing sector and four service sector companies had employed unemployed people through a job-alternation leave (see section 3.4.9.4, Chapter 3 for further details), in co-operation with the employment authorities.

#### **Companies who have Employed or Offered Training Possibilities for the Low-skilled – Questionnaire Reference – Appendix G, Section 9, No.4**

Six respondents (12%) had organised training or employed those who had carried out only the compulsory basic school or were otherwise not skilled enough. Four of those were manufacturing companies and two service companies. Examples of these were as follows:

- "We have employed and given the necessary training to those who have only carried out the compulsory basic school."
- "We had had a programme for the voluntary tenth class of the compulsory nine class basic school. They used half of their time for theoretical studies and half at our company in more practical training. Those who were willing were able to start our apprenticeship scheme. I would, however, rather say that these students in the tenth class are more like people not knowing yet what to do in the future than low-skilled."
- "We had a co-operation project with employment authorities in order to prepare young people for work life. These young people were those who had not succeeded in acquiring education, and have been left out a little bit. At some point they have anyway got this willingness to have a new more active start."
- "We have employed people who do not have any relevant skills from our point of view and retrained them to completely new tasks. This because there has been a shortage of some skills at our factories, and we have had to start to train people for these tasks by ourselves."
- "Every Monday we have here some youngsters, who had not been able to carry out the normal school. They have performed they tasks well."

Four respondents (8%), three manufacturing and one service company had organised apprenticeship schemes for low-skilled or those having carried out only the basic compulsory school.

#### **Companies who have Employed or Offered Training Possibilities for Immigrants – Questionnaire Reference – Appendix G, Section 9, No.4**

Two respondents (4%), both service sector respondents had organised training course for immigrants. One of these had also organised training courses for the long term unemployed and the ageing unemployed and consequently the example of this is presented above (see companies who have employed or offered training possibilities for the unemployed). Further three respondents (6%), two manufacturing companies and one service company had offered training possibilities for individual immigrants.

Fourteen respondents (24%) stated that they employed immigrants which had come through the normal recruitment process. Three of those were service sector companies and the remaining 11 manufacturing companies. Only two respondents mentioned language courses organised by the company. Of those two, one stated that the company pays language courses for employees willing to study Finnish, but the working language is English. The examples of these are as follows:

- "We have employed some individual immigrants. The number of them is, however, limited, since we do not operate in the main cities and there are not too many immigrants elsewhere."
- "Some refugees from Afganistan came to circle around our factories, but they were not interested in the job."
- "We do have some employees of Vietnamese origin at our factories. They have been really good employees. The Somalies, for example, are adapting a lot worse."
- "The lot abused Somalies, people are talking of them like they would be good for nothing. We have, however, a team of Somalies, which is extremely skillful and is continuously yielding excellent results. One of them, a chief of tribe, is not always present but this does not matter. They seem to work best together with members of their own nationality. We, here in Finland, still do have a lot to learn with regard to how to deal with different cultures."
- "We had employed and trained immigrants in co-operation with municipalities and employment authorities. I think that it's the municipality which has organised the language courses for them. We have not targeted this group, but we have a shortage of labour in certain fields and that is why we have started to train people without a job by ourselves."

- "We have employed immigrants in large numbers to our factories and organised them language courses as well."
- "We have some upper-clerical staff which has been willing to move here from our European subsidiaries. Some of them have been interested to study Finnish or Swedish and we had paid language courses for them."

**Additional Issues Mentioned by the Respondents; Questionnaire Reference – Appendix G, Section 9, No. 5**

Five respondents (10%) commented about the anticipated future shortage. One manufacturing sector respondent explained that "we can go on for five or ten years, but what happens then is that so many of our employees reach the pension age that in practice everybody leaves us at the same time". However, three respondents (6%) commented that currently, the problem of recruitment was more like how to say no to the excessive supply of applicants. Four companies (8%) commented that they do not take more staff in at the moment. Finally, four companies (8%) stated that they mostly recruit directly through educational institutions or by taking trainees in.

**Table 4.91 Additional Issues Mentioned with regard to Recruitment by the Respondents**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
Company anticipates future labour shortage	50	5	<b>10</b>	33	3	<b>9</b>	17	2	<b>12</b>
Company is more like reducing its staff, not recruiting more at the moment	50	4	<b>8</b>	33	3	<b>9</b>	17	1	<b>6</b>
Recruitment takes places through educational institutions or trainees	50	4	<b>8</b>	33	2	<b>6</b>	17	2	<b>12</b>
The problem is how to say no to the extensive supply of applicants	50	3	<b>6</b>	33	3	<b>9</b>	17	0	<b>0</b>

Furthermore, the following issues received individual support:

- "We pay attention to the employer's responsibility and image in our recruitment process. Everybody deserves a good treatment. This helps us in building up a positive company image."
- "The recruitment through internet has increased with speed. We have also visited a number of recruitment fares."
- "We try to recruit more young people in order to correct our biased age structure. We have a peak of employees over 50 years."
- "We have a recruitment rule which forbids any kind of discrimination, everybody has to be treated equally."
- "The questions in this section would be more suitable for a survey addressed to the English companies. In Finland, it is the society who takes care of the disadvantaged groups."

### 4.3.11 Reporting and Measuring the Progress

#### Public Reporting with regard to Personnel or HR Management Policies – Questionnaire Reference – Appendix G, Section 10, No.1

As many as 41 respondents (82%) reported publicly on their personnel or HR management policies. The remaining nine (18%), all manufacturing sector representatives did not report by using any of the listed means. Five of these had not even included this in their future plans. Of those 32 companies quoted in the Helsinki stock exchange four (13%) did not currently report on their employee affairs. The remaining five, not reporting on their employee affairs publicly, were ‘other limited companies’.

Forty of those 41 (98%) who reported publicly about their personnel/HR resource policies used a hard copy report for reporting whereas one company reported "a couple of sentences" exclusively in a company web-site.

As many as 37 (74%) used the annual report to report their personnel or HR policies whereas reporting in a company web-site scored the second highest (22, 44%). Seven respondents reported on their employee affairs as a part of a society or sustainability report, three of these referring to an expanded environmental report. Finally, five respondents provided a separate personnel report for public distribution.

**Table 4.92 Means Used to Report Publicly about Personnel or HR Policies**

	Yes			No, but included in future plans		No		Don't know	
	n	No.	%	No.	%	No.	%	No.	%
As part of the annual report	50	37	<b>74</b>	3	<b>6</b>	10	<b>20</b>	0	<b>0</b>
As part of a society/sustainability report	50	7	<b>14</b>	10	<b>20</b>	33	<b>66</b>	0	<b>0</b>
In a separate personnel report	50	5	<b>10</b>	5	<b>10</b>	40	<b>80</b>	0	<b>0</b>
In a company web-site	50	22	<b>44</b>	9	<b>18</b>	17	<b>34</b>	2	<b>4</b>

**Table 4.93 Means Used to Report Publicly about Personnel or HR Policies, Manufacturing Sector**

	Yes			No, but included in future plans		No		Don't know	
	n	No.	%	No.	%	No.	%	No.	%
As part of the annual report	33	22	<b>67</b>	3	<b>9</b>	8	<b>24</b>	0	<b>0</b>
As part of a society/sustainability report	33	5	<b>15</b>	6	<b>18</b>	22	<b>67</b>	0	<b>0</b>
In a separate personnel report	33	2	<b>6</b>	4	<b>12</b>	27	<b>82</b>	0	<b>0</b>
In a company web-site	33	14	<b>42</b>	5	<b>15</b>	13	<b>39</b>	1	<b>3</b>

**Table 4.94 Means Used to Report Publicly about Personnel or HR Policies, Service Sector**

	Yes			No, but included in future plans		No		Don't know	
	n	No.	%	No.	%	No.	%	No.	%
As part of the annual report	17	15	<b>88</b>	0	<b>0</b>	2	<b>12</b>	0	<b>0</b>
As part of a society/sustainability report	17	2	<b>12</b>	4	<b>24</b>	11	<b>65</b>	0	<b>0</b>
In a separate personnel report	17	3	<b>18</b>	1	<b>6</b>	13	<b>76</b>	0	<b>0</b>
In a company website	17	8	<b>47</b>	4	<b>24</b>	4	<b>24</b>	1	<b>6</b>

Additional means for reporting mentioned were as follows:

- "There is a health and safety section within our environmental report."
- "We produce a special review for our activities every year and matters related to employee policies are included."
- "We use Intranet, for internal reporting."
- "We distribute information about our policies at the European Work Council, this for internal reporting."

**Consultation of Employees with regard to Reporting; Questionnaire Reference – Appendix G, Section 10, No. 2**

Thirty respondents (73%) of those 41 who reported on their employee affairs consulted employees with regard to the matter. This happened more often within the service sector, 14 respondents (83%) providing an affirmative answer whereas within the manufacturing sector the corresponding figure was 16 (67%). Only six respondents stated that they consult their employees 'actively'. Those who consulted their employees mentioned shop stewards, co-operation meetings or personnel surveys.

**Table 4.95 Consultation of Employees**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Yes, the employees are consulted actively	41	6	<b>15</b>	4	<b>17</b>	2	<b>12</b>
Yes, to some extent	41	24	<b>59</b>	12	<b>50</b>	12	<b>71</b>
No	41	11	<b>27</b>	8	<b>33</b>	3	<b>18</b>
Don't know	41	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>

**Reasons and Target Groups for Reporting; Questionnaire Reference – Appendix G, Section 10, No. 3 and 4**

The most important target group for reporting was potential future employees, 24 respondents (53%) mentioned this group, customers and the company's own employees taking second and third place. Potential employees were especially important to the manufacturing sector, 18 respondents mentioning this (64%), whereas within the service sector investors (9, 53%) and customers (8, 47%) yielded the highest support.

**Table 4.96 Target Groups for Reporting**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Potential future employees	45	24	<b>53</b>	18	<b>64</b>	6	<b>35</b>
Customers	45	16	<b>36</b>	8	<b>29</b>	8	<b>47</b>
Own staff	45	15	<b>33</b>	9	<b>32</b>	6	<b>35</b>
Stakeholders	45	13	<b>29</b>	7	<b>25</b>	6	<b>35</b>
Investors	45	11	<b>24</b>	2	<b>7</b>	9	<b>53</b>
Shareholders, owners	45	11	<b>24</b>	8	<b>29</b>	3	<b>18</b>
Public sector	45	3	<b>7</b>	1	<b>4</b>	2	<b>12</b>
Management of the company	45	3	<b>7</b>	1	<b>4</b>	2	<b>12</b>
Personnel/HR management	45	2	<b>4</b>	1	<b>4</b>	1	<b>6</b>
Analysts	45	2	<b>4</b>	1	<b>4</b>	1	<b>6</b>
Capital markets, financial sources	45	2	<b>4</b>	1	<b>4</b>	1	<b>6</b>
Wide public	45	2	<b>4</b>	1	<b>4</b>	1	<b>6</b>
Co-operatives	45	1	<b>2</b>	1	<b>4</b>	0	<b>0</b>
Media	45	1	<b>2</b>	1	<b>4</b>	0	<b>0</b>
Supply chains	45	1	<b>2</b>	1	<b>4</b>	0	<b>0</b>
Labour market organisations	45	1	<b>2</b>	1	<b>4</b>	0	<b>0</b>
Local community	45	1	<b>2</b>	1	<b>4</b>	0	<b>0</b>
Society	45	1	<b>2</b>	1	<b>4</b>	0	<b>0</b>

Corresponding with the most important target groups, the most important reason for reporting was a company's image as an employer (24, 53%). The company image, in more general terms, yielded the second highest score (13, 29%) and 'human capital as a supporter of business operations' the third score (7, 16%). Whereas a company's image as an employer scored highest within the manufacturing sector, within the service sector the stress was on company's image in more general terms.

**Table 4.97 Reasons for Reporting**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Employer image	45	24	<b>53</b>	18	<b>64</b>	6	<b>35</b>
Company image	45	13	<b>29</b>	6	<b>21</b>	7	<b>41</b>
Human capital supports business operations	45	7	<b>16</b>	2	<b>7</b>	5	<b>29</b>
Mainly for internal use	45	5	<b>11</b>	3	<b>11</b>	2	<b>12</b>
Personnel/HR matter are important part of the company operations	45	4	<b>9</b>	4	<b>14</b>	0	<b>0</b>
Social responsibility	45	4	<b>9</b>	2	<b>7</b>	2	<b>12</b>
Supports personnel/HR management principles	45	1	<b>2</b>	1	<b>4</b>	0	<b>0</b>
Increases the commitment of personnel	45	1	<b>2</b>	0	<b>0</b>	1	<b>6</b>
Show the appreciation to personnel	45	1	<b>2</b>	1	<b>4</b>	0	<b>0</b>
Human resources are a competitive factor	45	1	<b>2</b>	0	<b>0</b>	1	<b>6</b>
The importance of the reporting is to be stressed at the future	45	1	<b>2</b>	1	<b>4</b>	0	<b>0</b>
Anticipation that a personnel account might be a legal requirement in the future	45	1	<b>2</b>	1	<b>4</b>	0	<b>0</b>

The examples of reasons for starting to report on employee affairs provided by four respondents who had not previously done this were as follows:

- "We are looking for indicators to measure our personnel policy. We have anticipated that, in the future, a personnel account might be even a requirement which is stipulated



by a law. Our targets groups are our own personnel and the stakeholders who are increasingly interested in the management of personnel or HR affairs."

- "Somebody told me that even if it is not compulsory to report on your personnel or HR management, it is a minus for a company if it does not disclose information with regard to the matter. Whether it is a plus for the company, I do not know, but I think that the process of collecting and examining these things attract the management and employees attention to the right kind of things."
- "We are thinking at the moment how to increase reporting on our employee policies. We think that personnel is an important part of our operations. It is also important to tell our investors what kind of personnel we have and also potential future employees might find this to be of interest."
- "We have made a decision to prepare a personnel report as well as society/sustainability report. This, because of pressures coming from the surrounding society and because it also has been thought that our marketing could be supported by soft values. "

The examples of the comments of those five who do not currently report on their activities and are not even planning to do so, one of these being quoted are presented below. Two additional companies gave earlier an affirmative answer with regard to reporting, but since they reported only very little, ended up to justify why they did not disclose more information. Three of those seven respondents explained that the main reason for not reporting was that the company is not quoted.

- "I cannot see why we should start to report on these matters. If we would start to account indicators concerning the personnel as a part of our annual report, it would only be misleading, since our business units differ from each other."
- "We are not in need of publicity and we have not experienced any difficulties in recruitment. On the contrary; we are receiving applications all the time even if there are no vacancies."
- "Since we are not a quoted company, I do not see why we should report on our personnel policies. We do not have this kind of interest groups outside of the company. We do answer, however, if somebody wants to ask questions. The situation is very different for those companies who are quoted. Our owners get regular information internally."
- "Reporting, is it something else than cliché's on paper? Does it reflect the real and truthful development with regard to the matter? What would we benefit from the reporting? We have not experienced any difficulties in recruiting, quite the contrary."
- "Our company is not quoted and we are reporting mostly for internal purposes. I do not see how public reporting would be of benefit to us."
- "The reporting depends on the ownership of the company, whether the company is quoted or not. "

## **Measuring Personnel/HR Management Practices – Questionnaire Reference – Appendix G, Section 10, No. 5**

All respondent companies had interior job satisfaction or work atmosphere surveys in use. One manufacturing sector respondent specified a regular service survey which explores how the personnel/HR resource policy has been experienced within the company and how the organisation has been able to answer to the policy. One service sector respondent explained that indicators in order to measure the effectiveness of the personnel/HR policy are currently under development. These indicators would measure the ability of the company to attract and retain employees and how the personnel/HR resource management functions.

Twenty-eight respondents (56%) mentioned having participated in an external benchmarking. Six of those, two manufacturing sector and four service sector respondents also mentioned an international best practice comparison. However, one manufacturing sector company explained that the results of a European comparison were not very meaningful, since it is difficult to define the questions in a way that they would be comparable between the different member countries. Three companies, all manufacturing sector respondents mentioned a survey addressed to students on the popularity of the company as an employer. Two companies a manufacturing one and a service sector one specified a wage comparison for internal use.

Four manufacturing sector respondents mentioned interior health and safety measurements and a further four tracking down the injury and accident rates. Two manufacturing sector respondents and one service sector respondent mentioned statistics on absence rates of personnel. Two respondents, one manufacturing and another service sector followed the implementation of equal opportunities within the company. In addition, two service sector respondents mentioned the balanced scorecard, which includes personnel/HR indicators.

Individual support was received by the following parameters:

- an indicator for measurement of competence development is currently under preparation,
- survey addressed to those who are leaving the company,
- indicators developed in the context of Global Reporting Initiative,
- Work Ability Index,
- benchmarking between different units within the company,

- occupational health care centre compiles the results of health screening, this taking into account the Act on Protection of Privacy in Working Life,
- a quality policy,
- European Quality Management self-assessment.

**Table 4.98 Measuring Personnel/HR Management Policies**

	n	All		Manufacturing		Services	
		No	%	No.	%	No.	%
Internal measurements	50	50	<b>100</b>	33	<b>100</b>	17	<b>100</b>
External benchmarking	50	28	<b>56</b>	16	<b>48</b>	12	<b>71</b>

**Standards or Equivalent Including Indicators Related to Personnel/HR Management – Questionnaire Reference, Appendix G, Section 10, No. 5**

As many as 18 respondents (36%) stated that they had received a quality certificate which includes indicators related to personnel/HR management. Environmental certificate, including health and safety issues, was received by eight respondents (16%), safety and health certificate by five (10%) and four (8%) were members of the international Responsible Care programme of the chemical industry, which promotes reporting on environmental and health and safety issues on a voluntary basis. The certificates were far more common within the manufacturing sector than within the service sector.

**Table 4.99 Certificates or Equivalents Received by the Company**

	n	All		Manufacturing		Services	
		No	%	No.	%	No.	%
Quality certificate	50	18	<b>36</b>	15	<b>45</b>	3	<b>18</b>
Environmental certificate	50	8	<b>16</b>	7	<b>21</b>	1	<b>6</b>
Safety certificate	50	5	<b>10</b>	5	<b>15</b>	0	<b>0</b>
Commitment to Responsible Care programme	50	4	<b>8</b>	4	<b>12</b>	0	<b>0</b>

One company commented that "standards and certificates are a business of morons" and another thought that the issue is complicated since "there are persistent rumours related to corruption with regard to certificates and recently they have been admitted more like on the basis of a friendship".

**Awards or Acceptance to an Ethical Fund – Questionnaire Reference – Appendix G, Section 10, No. 7**

Ten respondents (20%) mentioned awards related to personnel/HR management. Within the manufacturing sector the figure was eight (24%) and within the service sector two (12%). The examples of awards were as follows:

- Ministry of Labour Good Employer's Award (three respondents)
- Award for the best summer employer from the Chamber of Commerce in 1990's
- Award for the best employer in the region
- Award for progressive adult education from the Finnish Central Chamber of Commerce
- Nordic award with regard to safety at work and activities related to promoting employees work ability
- Award for offering employment opportunities for disabled
- Award for activities related to promoting work ability (TYKY), as the best activity related to the personnel, from association for HR managers (Henry. ry).
- Finnish quality award which includes criteria related to personnel/HR management
- Award for the best annual report in Finland

With regard to acceptance to an ethical fund, only two respondents knew that the company has been accepted to the Dow Jones Sustainability Index and/or the FTSE4 (see section 3.5.4 Chapter 3). This was, however, checked. At the time when the interviews were conducted as many as seven respondents, four manufacturing sector and three service sector representatives were listed either by FTSE4Good Europe Index (2001) or Dow Jones Sustainability Index (2001).

In addition, four companies remembered having completed surveys sent by ethical funds but did not know if they have been accepted. Two respondents had earlier been included in Dow Jones Sustainability Index, but had been dropped out on economical grounds related to market value of the company shares.

#### **4.3.12 Comments**

##### **Questionnaire Reference, Appendix G, Section 11**

The majority of respondents provided no further comments since "the survey was already very exhaustive" and respondents felt that all possible information "has been pulled out of them". Six companies commented that it was interesting to consider the personnel/HR management from the view point set out by the survey. The examples of individual comments were as follows:

- "I got a very guilty feeling when I saw the questions concerning integration of groups experiencing difficulties in the labour markets."
- "We aim at developing consistent systems which would cover the company group as a whole. We also intend to develop a separate personnel report in the future."
- "We have recently started a lot of programmes related to personnel development and well-being. I think that this has been quite common at Finnish companies. It has been worth of it; we have received very positive feedback on it from the personnel and the shop-stewards."
- "As a family-owned company, we have a long-term and continuous approach with regard to employee well-being and part of the company profits is always used to improve the well-being and development of the personnel."
- "If we go back to the end of the 19'th century it was typical that once a company was established in a certain area, shops, schools and health centres were built up around it. This, in order to provide employees and their families the necessary services. At the time CSR was comprehensive, at least with regard to the local community. Later on the responsibility was switched to the society and the role left to companies was the role of income and wealth generator. Now the trend seems to be once again reverse and companies have been asked to take more responsibility. I wait to see what the future will bring with it and what would be the added value which companies could provide with regard to SR."

**CHAPTER 5**  
**THE STRUCTURED**  
**SURVEY OF FINNISH**  
**CORPORATIONS**  
**RESULTS OF THE**  
**POSTAL SURVEY**

## **5.1 INTRODUCTION**

This chapter presents the results of the postal survey conducted in parallel with structured interviews (see Chapter 4). Relevant techniques and research methods used in data collection were documented in section 4.2 Chapter 4. Having identified the target population (the biggest Finnish companies by netsales), personal interviews were conducted with companies with more than 1,500 employees on their payroll (section 4.3, Chapter 4). The remainder of the target population, those employing less than 1,500 were targeted by the postal survey.

The same standardised form of questionnaire comprising a mixed set of open and closed questions which was used for the interviews was applied (see Appendix G). This provided a consistent thread of data for analysis and ensured the survey parameters remained same. Therefore the results of the interviews and the postal survey enable an analysis on the impact of the company size on implementation of the research parameters. As previously, the contact data was collected before sending the survey out. An email inquiring about the person responsible for personnel/HR affairs at group level was first sent to a communication unit or through any contact address provided by the company on its respective web-site.

## **5.2 THE POSTAL SURVEY AND RESULTS**

### **5.2.1 Contacting the Target Group**

The first questionnaire was sent when the interviews had already started, in October 2001, accompanied by an email providing an advance warning. A postal reminder was sent four weeks later. The questionnaire was printed out on yellow paper. As in the case of the interviews, a cover letter explaining the aims and objectives of the research, how the company was selected for the survey and promising full confidentiality was enclosed with the questionnaire. Thirty-three companies (26%) within this group returned a completed questionnaire. Ten companies provided a reason for declined participation by an email. Examples of these are presented in Table 5.1.

**Table 5.1 Reasons for Declined Participation**

- Due to the recent organisational changes it is not convenient for me to complete the survey. Our company has been sold recently and we have just started discussions on redundancies.
- Our company has made a decision not to give information for surveys. We want to keep our personnel principles as internal only.
- I am sorry, but my time schedule is currently very tight...
- I would be happy to answer to your survey, but at the moment I am busy to that extent that it is not possible. In addition, the company policy is decentralised in this field and therefore I should contact a lot of people to gather the information for the questionnaire.
- Unfortunately, I am not able to provide requested information at the group level within the time limit...
- Your survey ended up in a bin. The reason for this is that the questionnaire is very long and questions detailed...We do not have means or resources to answer to your survey. In addition, we get this kind of surveys nearly daily and consequently we have had to be very selective with regard to the matter and currently we complete only the compulsory ones.
- For some reason a company of our size receives enormous amount of surveys...We start to suffocate under the workload caused by the constant flow of questionnaires and requests for interviews. Consequently we have had to restrict our participation.
- I had a discussion over the matter with the person responsible for our personnel matters. However, we found it impossible to complete your survey because we have both been working here for only a very short time period.

Since a considerable proportion of companies (8, 24%) preferred their name not to be included in the thesis, a decision was made not to enclose a list of acknowledgements.

### 5.2.2 Details of the Participants

Personnel/HR manager was the most common title (15, 45%) with regard to those who completed the survey. Among the respondents there were three managing directors and one deputy managing director.

**Table 5.2 Titles of the Respondents**

	n	No.	%
Personnel/HR manager	33	15	<b>45</b>
Managing director	33	3	<b>9</b>
Personnel/HR development manager	33	3	<b>9</b>
Administrative director	33	2	<b>6</b>
Financial and administrative director	33	2	<b>6</b>
Personnel/HR assistant or secretary	33	2	<b>6</b>
Deputy managing director	33	1	<b>3</b>
Financial director	33	1	<b>3</b>
Commercial director	33	1	<b>3</b>
Director for company services	33	1	<b>3</b>
Controller	33	1	<b>3</b>
Financial manager	33	1	<b>3</b>

As many as 17 respondents (52%) belonged to the group of 'other limited companies' This group included family-owned companies. In addition, the group of participants included nine (27%) belonging to the group 'co-operatives/mutual society/associations' and four



(12%) municipality or state-owned companies. Only three respondents (9%) were quoted on the Helsinki stock exchange.

As many as 16 respondents (48%) had less than 500 people on their payroll. A further ten (30%) fell in the category 500-1,000 and seven (21%) had more than 1,000 employees on their payroll. As Table 5.3 shows the share of those employing more than 1,000 and those employing less than 500 is slightly higher among the participants than among the companies in the target population for which the survey was addressed. Correspondingly the share of companies employing 500-1,000 people is slightly lower.

**Table 5.3 Participation in Accordance with the Number of Employees**

	Number of participants	% of the participants	% of the target population
>1,000	7	<b>21</b>	17
500-1,000	10	<b>30</b>	47
200-499	16	<b>48</b>	37
Total	33	<b>100</b>	100

With regard to the proportion of personnel employed by the company in Finland, all respondents employed more than 40% of their employees in Finland and as many as 31 (94%) employed 50% or more of their employees in Finland. Twenty-four (73%) respondents employed over 80% of their employees in Finland. The percentages are shown in Table 5.4.

**Table 5.4 Proportion of Employees Located in Finland**

%	n	No.	%
80 or more	33	24	<b>73</b>
50-79	33	7	<b>21</b>
20-49	33	2	<b>6</b>
Less than 20	33	0	<b>0</b>

The service sector dominates the group which returned the survey by post. The division between the manufacturing sector and the service sector was 14 (42%) and 19 (58%) respectively. This corresponds roughly with the original division between manufacturing and services in the target population, which was 45% for manufacturing and 55% for services. The response rate within the manufacturing sector was 25% and within the service sector 28%. The respondents in accordance with more specific industry together with each sectors relative share of total number of respondents and of the target population are presented in Table 5.5. Parallel to the target population, the biggest individual group among the respondents is the wholesale and retail trade sector.

**Table 5.5 Respondents in Accordance with the Industrial Sector**

	Number of participants	% of participants	% of the target population
Business, consumer and telecom services	3	<b>9</b>	6
Chemicals and plastics	1	<b>3</b>	2
Construction/materials	0	<b>0</b>	5
Electronics	1	<b>3</b>	6
Energy	2	<b>6</b>	5
Financial services	3	<b>9</b>	10
Food, drinks	3	<b>9</b>	7
Furniture/textiles	1	<b>3</b>	2
Paper, packaging, other forest products	1	<b>3</b>	2
Media	1	<b>3</b>	3
Mining,metals, metal products	3	<b>9</b>	7
Multisector	1	<b>3</b>	8
Transport and forwarding	1	<b>3</b>	4
Wholesale and retail trade	12	<b>36</b>	32
All	33	<b>100</b>	100

Nineteen (59%) of those 32 companies which provided this figure were dominated by manual workers (more than 50%), at two companies (6%) the proportions were even and the remaining 11 (34%) were dominated by clerical staff. At three service sector companies all employees were classified to be members of clerical staff and in one case only 1% of all staff belonged to 'manual staff'. One respondent commented that the division to different staff categories is "artificial" and "at our company everybody is equal".

A few respondents ticked only 'yes' responses with regard to questions listing several parameters even if alternatives for 'no' and 'don't know' responses were provided as well. Therefore, in accordance with the rule of total inclusiveness (see Rose and Sullivan 1993) a category for missing data involving the missing responses as well as contradictory error ticks was established and percentages then calculated from the total number of participants. It should be noted, however, that since the residual 'missing category' is not presented in Tables of this Chapter, the percentages do not, in the case of a non-response, account for 100%. With regard to questions requesting quantitative information, especially with regard to the questions which provided a substantial number of 'don't-know' responses, the percentages were, however, considered to reflect more truly the division between the companies in the whole population if taken from the total number of respondents which provided the figure. This was also the procedure applied in the PWC survey (see Brewster and Hegewish 1994).

### 5.2.3 Values, Principles and Policies

#### Definition of Values, Principles and Policies; Questionnaire Reference – Appendix G, Section 2, No. 1

Common values, a vision and a mission were defined in a written form by most of the respondents. Twenty respondents (61%) had all these in a written form. Within the manufacturing sector 11 respondents (79%) claimed to have all these in a written form and within the service sector this was the case with nine respondents (47%). Two service sector respondents had none of these in a written form. With a few exceptions, those who had not defined values, a mission or a vision in a written form, tended to be representatives of the wholesale and retail trade sector.

Only one service sector company had defined both ethical code/principles and principles for social responsibility. Ten respondents (30%) maintained that they have defined either broad ethical code/principles or principles for social responsibility in a written form. Within the manufacturing sector only one respondent (7%) provided an affirmative response to either one or two of these parameters whereas within the service sector this was the case with nine (47%) respondents. Seven respondents (21%) had included either ethical code or principles for social responsibility in their future plans.

Personnel or HR strategy was in a written form at 13 (39%) organisations. An affirmative answer to this question was more often provided by a manufacturing sector than by a service sector representative.

**Table 5.6 Values and Principles Defined by the Companies, All Respondents**

		Written		Unwritten		In future plans		No		Don't know	
	n	No.	%	No.	%	No.	%	No.	%	No.	%
Common values	33	26	<b>79</b>	1	<b>3</b>	5	<b>15</b>	1	<b>3</b>	0	<b>0</b>
Vision	33	27	<b>82</b>	3	<b>9</b>	3	<b>9</b>	0	<b>0</b>	0	<b>0</b>
Mission/business idea	33	25	<b>76</b>	3	<b>9</b>	5	<b>15</b>	0	<b>0</b>	0	<b>0</b>
Broad ethical codes/principles	33	6	<b>18</b>	6	<b>18</b>	5	<b>15</b>	13	<b>39</b>	1	<b>3</b>
Principles for SR	33	5	<b>15</b>	8	<b>24</b>	7	<b>21</b>	12	<b>36</b>	0	<b>0</b>
Personnel/HR strategy	33	13	<b>39</b>	8	<b>24</b>	9	<b>27</b>	3	<b>9</b>	0	<b>0</b>

**Table 5.7 Values and Principles Defined by the Companies, Manufacturing Sector**

	Written			Unwritten		In future plans		No		Don't know	
	n	No.	%	No.	%	No.	%	No.	%	No.	%
Common values	14	13	<b>93</b>	0	<b>0</b>	1	<b>7</b>	0	<b>0</b>	0	<b>0</b>
Vision	14	13	<b>93</b>	1	<b>7</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
Mission/business idea	14	12	<b>86</b>	1	<b>7</b>	1	<b>7</b>	0	<b>0</b>	0	<b>0</b>
Broad ethical codes/principles	14	0	<b>0</b>	4	<b>29</b>	2	<b>14</b>	8	<b>57</b>	0	<b>0</b>
Principles for SR	14	1	<b>7</b>	3	<b>21</b>	4	<b>29</b>	6	<b>43</b>	0	<b>0</b>
Personnel/HR strategy	14	7	<b>50</b>	1	<b>7</b>	4	<b>29</b>	2	<b>14</b>	0	<b>0</b>

**Table 5.8 Values and Principles Defined by the Companies, Service Sector**

	Written			Unwritten		In future plans		No		Don't know	
	n	No.	%	No.	%	No.	%	No.	%	No.	%
Common values	19	13	<b>68</b>	1	<b>5</b>	4	<b>21</b>	1	<b>5</b>	0	<b>0</b>
Vision	19	14	<b>74</b>	2	<b>11</b>	3	<b>16</b>	0	<b>0</b>	0	<b>0</b>
Mission/business idea	19	13	<b>68</b>	2	<b>11</b>	4	<b>21</b>	0	<b>0</b>	0	<b>0</b>
Broad ethical codes/principles	19	6	<b>32</b>	2	<b>11</b>	3	<b>16</b>	5	<b>26</b>	1	<b>5</b>
Principles for SR	19	4	<b>21</b>	5	<b>26</b>	3	<b>16</b>	6	<b>32</b>	0	<b>0</b>
Personnel/HR strategy	19	6	<b>32</b>	7	<b>37</b>	5	<b>26</b>	1	<b>5</b>	0	<b>0</b>

Apart from the parameters listed in the question, the respondents mentioned the following additional issues:

- a written personnel/HR policy,
- a quality and environmental system,
- an environmental report,
- a competence strategy.

### **Participation of the Employees; Questionnaire Reference – Appendix G, Section 2, No. 2**

The large majority of the respondents claimed that employees had participated in the process of defining the common values, this being the case in 19 (73%) of those 26 companies who had defined common values in a written form. In ten companies staff had participated widely, whereas in nine companies only the representatives of staff had participated.

The participation figures were notably lower with regard to staff participation in creating a vision and a mission. Only ten respondents (37%) maintained that their staff had participated in defining a vision and nine (36%) included employees in the process of defining a mission. No more than three respondents argued that staff had participated widely in the process of defining a vision and none that staff participated widely in creating a mission. Within the service sector the share of companies at which staff

participated in defining a vision and a mission was higher whereas employees participated more often in defining the common values within the manufacturing sector. It was, however, more common within the service sector that the employees participated ‘widely’ in defining the common values. It should be noted that two respondents had not even informed their employees about their vision and two had not informed staff about their mission.

Broad ethical code/principles were only defined by six service sector representatives and five of those stated that staff were only informed about the matter. The remaining one had ticked the ‘don’t know’ alternative. With regard to those five companies, which had defined principles for SR, only one respondent (20%) stated that representatives of the staff had participated in the process of defining this parameter. Further, three companies responded that staff had only been informed about the matter and the remaining one declined to tick any of the given alternatives.

Of those 13 companies which had a personnel or HR strategy, only four (31%) had involved their personnel in the preparation process. In all cases representatives of staff had participated. The personnel/HR strategy was less common within the service sector than within the manufacturing sector and at none of the service sector companies personnel participated in defining it. At four of those six service sector respondents who had defined this parameter, staff were informed about the personnel or HR resources strategy and at the remaining two, staff were not even informed about the matter. Tables 5.9, 5.10 and 5.11 show the details for this question. The figures for participation have only been calculated for those who had the requested parameter in a written form.

**Figure 5.9 Participation of Employees in Defining Values and Principles, All Respondents**

	n	Staff participated				Staff did not participate				Don't know	
		No.	%	No.	%	Staff were informed	Staff were not informed	No.	%	No.	%
Common values	26	10	<b>38</b>	9	<b>35</b>	7	<b>27</b>	0	<b>0</b>	0	<b>0</b>
Vision	27	3	<b>11</b>	7	<b>26</b>	14	<b>52</b>	2	<b>7</b>	0	<b>0</b>
Mission/business idea	25	0	<b>0</b>	9	<b>36</b>	14	<b>56</b>	2	<b>8</b>	0	<b>0</b>
Broad ethical code/principles	6	0	<b>0</b>	0	<b>0</b>	5	<b>83</b>	0	<b>0</b>	1	<b>17</b>
Principles for SR	5	0	<b>0</b>	1	<b>20</b>	3	<b>60</b>	0	<b>0</b>	0	<b>0</b>
Personnel/HR strategy	13	0	<b>0</b>	4	<b>31</b>	7	<b>54</b>	2	<b>15</b>	0	<b>0</b>

**Table 5.10 Participation of Employees in Defining Values and Principles, Manufacturing Sector**

	n	Staff participated				Staff did not participate				Don't know	
		Widely		Representatives		Staff were informed		Staff were not informed		No.	%
	No.	%	No.	%	No.	%	No.	%	No.	%	
Common values	13	4	31	7	54	2	15	0	0	0	0
Vision	13	0	0	3	23	9	69	0	0	0	0
Mission/business idea	12	0	0	4	33	8	67	0	0	0	0
Broad ethical code/principles	0	0	0	0	0	0	0	0	0	0	0
Principles for SR	1	0	0	0	0	1	100	0	0	0	0
Personnel/HR strategy	7	0	0	4	57	3	43	0	0	0	0

**Table 5.11 Participation of Employees in Defining Values and Principles, Service Sector**

	n	Staff participated				Staff did not participate				Don't know	
		Widely		Representatives		Staff were informed		Staff were not informed		No.	%
	No.	%	No.	%	No.	%	No.	%	No.	%	
Common values	13	6	46	2	15	5	38	0	0	0	0
Vision	14	3	21	4	29	5	36	2	14	0	0
Mission/business idea	13	0	0	5	38	6	46	2	15	0	0
Broad ethical code/principles	6	0	0	0	0	5	83	0	0	1	17
Principles for SR	4	0	0	1	25	2	50	0	0	0	0
Personnel/HR strategy	6	0	0	0	0	4	67	2	33	0	0

**The Way Personnel/HR Management is Organised; Questionnaire Reference – Appendix G, Section 2, No. 3, 4 and 5**

As many as 22 respondents (67%) maintained that they have a unit co-ordinating personnel or HR policies at the upper corporate level. Within the manufacturing sector the corresponding figure was ten (71%) and within the service sector 12 (63%).

Judging by the titles given by the respondents, the person responsible for personnel/HR affairs was more likely to carry a title of a ‘personnel/HR manager’ than a ‘personnel/HR director’ at the smaller companies. This, even if the position of the personnel/HR manager is regarded comparable to a personnel/HR director, and he/she has a place at the highest level executive board. Consequently the decision was made to combine these titles when interpreting the results. Therefore, 13 respondents (39%) had a full time HR/personnel manager or director responsible on personnel matters at the upper corporate level, whereas 12 respondents (36%) stated that another director takes care of personnel matters in addition of his/her usual tasks. Four of these 12 also had, however, a full-time personnel manager.

**Table 5.12 The Person Responsible for the Personnel or HR Affairs**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Full time HR/personnel director or manager	33	13	<b>39</b>	6	<b>43</b>	7	<b>37</b>
Other director is responsible for HR/personnel affairs	33	12	<b>36</b>	4	<b>29</b>	8	<b>42</b>
Line management has the responsibility for personnel matters	33	8	<b>24</b>	4	<b>29</b>	4	<b>21</b>

At 23 (70%) companies the person responsible for personnel affairs, either full-time HR/personnel manager or director or other director taking care of HR/personnel affairs in addition to his usual tasks, was presented at the highest level executive board (either board of director or board of management). Within the manufacturing sector the corresponding figure was nine (64%) and within the service sector 14 (74%). Of those 13 companies, which had a full time HR/personnel director or manager, at 9 he/she was also presented at the highest level executive board.

‘Other’ answers were as follows:

- The person responsible for personnel/HR affairs is represented at the company’s expert management.
- The person responsible for personnel/HR affairs is represented at a more general group of managers.
- The person responsible for personnel/HR affairs is invited as ‘a reporter’ to the management group.

**The Main Principles or Objectives of the Personnel/HR Strategy; Questionnaire Reference – Appendix G, Section 2. No. 6**

With regard to the main objectives or principles of the personnel/HR strategy the most often referred subject areas here were first of all ‘staff competence and development’ (11, 33%), ‘employee well-being’ scoring the second highest (7, 21%) and ‘the personnel/HR function supports the business strategies’ as the third (5, 15%). Thirteen respondents (39%) declined to specify any principles or objects with regard to the matter. The details for this question can be seen in Table 5.13 Only those items which yielded more than one mention are listed in Table.

**Table 5.13 The Main Principles or Objectives of the Personnel/HR Policy**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Competence and development	33	11	<b>33</b>	6	<b>43</b>	5	<b>26</b>
Employee well-being	33	7	<b>21</b>	3	<b>21</b>	4	<b>21</b>
The personnel/HR policy supports business operations	33	5	<b>15</b>	3	<b>21</b>	2	<b>11</b>
Bearing the responsibility	33	5	<b>15</b>	2	<b>14</b>	3	<b>16</b>
Results, quality and cost-efficient working	33	5	<b>15</b>	3	<b>21</b>	2	<b>11</b>
Equal treatment	33	3	<b>9</b>	2	<b>14</b>	1	<b>5</b>
People are important, respect for individual	33	3	<b>9</b>	2	<b>14</b>	1	<b>5</b>
Co-operation, trust	33	3	<b>9</b>	2	<b>14</b>	1	<b>5</b>
Resourcing	33	2	<b>6</b>	2	<b>14</b>	0	<b>0</b>
Pay and benefits	33	2	<b>6</b>	1	<b>7</b>	1	<b>5</b>
Motivation	33	2	<b>6</b>	1	<b>7</b>	1	<b>5</b>
The personnel guarantees the results	33	2	<b>6</b>	1	<b>7</b>	1	<b>5</b>
Consistent leadership model, leadership skills	33	2	<b>6</b>	0	<b>0</b>	2	<b>11</b>
Open communication	33	2	<b>6</b>	2	<b>14</b>	0	<b>0</b>
Personnel strategy is based on values	33	2	<b>6</b>	1	<b>7</b>	1	<b>5</b>
Employees are the most important capital	33	2	<b>6</b>	2	<b>14</b>	0	<b>0</b>
Justness, openness	33	2	<b>6</b>	1	<b>7</b>	1	<b>5</b>
Commitment and loyalty	33	2	<b>6</b>	2	<b>14</b>	0	<b>0</b>

In addition, the following objectives or principles received an individual support:

- continuous improvement,
- consistent principles at the upper corporate level,
- persistency,
- opportunities for career development,
- employees' pride of their work,
- good social benefits,
- strictness,
- quality of HR services,
- HR supports managers of the company,
- best customer services,
- responsibility for the environment,
- international personnel/HR management function,
- personnel/HR management is supported by the IT technology.



## 5.2.4 Training and Staff Development

### Principle of Lifelong Learning; Questionnaire Reference – Appendix G, Section 3, No. 1

The principle of life-long learning was accepted as one of the aims of the personnel or HR management function by 30 respondents (91%). Nineteen of those stated that the principle is an explicitly stated aim and the remaining 11 explained that this had been accepted more implicitly. Here the figures for explicitly stated aim were in favour of the manufacturing sector with as many as ten respondents (71%) providing an affirmative answer for this parameter compared to nine (47%) respondents within the service sector. Two respondents had included this in their future plans and one manufacturing sector company stated ‘no’.

**Table 5.14 Acceptance of Principle of Life-long Learning as an Aim of Personnel/HR Management Function**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Yes, explicitly	33	19	<b>58</b>	10	<b>71</b>	9	<b>47</b>
Yes, but more like implicitly	33	11	<b>33</b>	3	<b>21</b>	8	<b>42</b>
No, but is included in future plans	33	2	<b>6</b>	0	<b>0</b>	2	<b>11</b>
No	33	1	<b>3</b>	1	<b>7</b>	0	<b>0</b>
Don't know	33	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>

### Aim of Securing the Employability of the Employee; Questionnaire reference – Appendix G, Section 3, No. 2

Thirty-one respondents (94%) considered the principle of educating an employee in the way that his or her employability would be secured for all his/her working life as important. Twenty-three regarded the principle of employability as very important and eight as fairly important. The manufacturing sector scored slightly higher with regard to ‘very important’. One service sector respondent who failed to provide a response to this question commented that since the average age within the organisation is very low, "this kind of objectives cannot be set". Furthermore, "it's an employee's own obligation to take care of his/her future employability, only the opportunity for this is provided by the company".

**Table 5.15 The Importance of the Employability of an Employee**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Very important	33	23	<b>70</b>	11	<b>79</b>	12	<b>63</b>
Fairly important	33	8	<b>24</b>	2	<b>14</b>	6	<b>32</b>
Cannot say	33	1	<b>3</b>	1	<b>7</b>	0	<b>0</b>
Not very important	33	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
Not at all important	33	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>

## **Areas where Education and Training is to be Stressed; Questionnaire Reference – Appendix G. Section 3, No. 2**

With regard to management and/or key personnel the areas of training collecting the highest scores were 'business administration and strategy' (26, 79%), 'people management and supervision' (24, 73%), and 'management of change' (12, 36%). Other areas of importance were 'co-operative and interactive skills' (9, 27%) whereas support to the other listed issues fell under 20%. An additional area for training mentioned was 'management of competence'.

As regards clerical staff, the training areas which collected the highest scores were 'co-operative and interactive skills' (18, 55%), 'information technology' (13, 39%), 'people management and supervision' (12, 36%). Other areas of importance were 'quality', 'customer service skills' and 'management of change'.

With regard to manual staff the highest scores were collected by 'quality' (17, 59%) 'co-operative and interactive skills' (15, 52%), 'information technology' (10, 34%), and 'customer service skills' (10, 34%). Other areas of importance were 'technical skills' and 'health and safety'. 'Maintaining the professional skills of an employee' was an additional focus area mentioned by two respondents. One company added 'competence of an employee's with his or her own work' and 'apprenticeship scheme'.

Three respondents ticked four alternatives even if the question provided instruction 'please tick no more than three'. These were, however, accepted. A check-up email was sent to four respondents, which ticked more than four alternatives. Three of those returned the question with no more than three ticks.

Since four service sector respondents did not have any manual employees, the percentage concerning manual staff has been taken from a total of 29 companies instead of 33.

**Table 5.16 The Areas of Training Focused During the Next Three Years, All Respondents**

	n	Management and/or key personnel		Clerical			Manual		
		No.	%	n	No.	%	n	No.	%
People management and supervision	33	24	<b>73</b>	33	12	<b>36</b>	29	0	<b>0</b>
Business administration and strategy	33	26	<b>79</b>	33	3	<b>9</b>	29	0	<b>0</b>
Management of change	33	12	<b>36</b>	33	7	<b>21</b>	29	3	<b>10</b>
Information technology	33	4	<b>12</b>	33	13	<b>39</b>	29	10	<b>34</b>
Technical skills	33	2	<b>6</b>	33	7	<b>21</b>	29	9	<b>31</b>
Quality	33	3	<b>9</b>	33	10	<b>30</b>	29	17	<b>59</b>
Marketing and sales	33	4	<b>12</b>	33	6	<b>18</b>	29	2	<b>7</b>
Customer service skills	33	1	<b>3</b>	33	9	<b>27</b>	29	10	<b>34</b>
Health and safety	33	0	<b>0</b>	33	2	<b>6</b>	29	6	<b>21</b>
Co-operative and interactive skills	33	9	<b>27</b>	33	18	<b>55</b>	29	15	<b>52</b>
Language and international skills	33	1	<b>3</b>	33	3	<b>9</b>	29	0	<b>0</b>
Environment	33	3	<b>9</b>	33	1	<b>3</b>	29	2	<b>7</b>
Other	33	1	<b>3</b>	33	0	<b>0</b>	29	1	<b>3</b>

**Table 5.17 The Areas of Training Focused During the Next Three Years, Manufacturing Sector**

	n	Management and/or key personnel		Clerical			Manual		
		No.	%	n	No.	%	n	No.	%
People management and supervision	13	10	<b>77</b>	13	3	<b>23</b>	13	0	<b>0</b>
Business administration and strategy	13	13	<b>100</b>	13	1	<b>8</b>	13	0	<b>0</b>
Management of change	13	5	<b>38</b>	13	4	<b>31</b>	13	1	<b>8</b>
Information technology	13	0	<b>0</b>	13	4	<b>31</b>	13	4	<b>31</b>
Technical skills	13	2	<b>15</b>	13	5	<b>38</b>	13	9	<b>69</b>
Quality	13	2	<b>15</b>	13	8	<b>62</b>	13	8	<b>62</b>
Marketing and sales	13	1	<b>8</b>	13	0	<b>0</b>	13	0	<b>0</b>
Customer service skills	13	0	<b>0</b>	13	3	<b>23</b>	13	0	<b>0</b>
Health and safety	13	0	<b>0</b>	13	0	<b>0</b>	13	3	<b>23</b>
Co-operative and interactive skills	13	4	<b>31</b>	13	8	<b>62</b>	13	10	<b>77</b>
Language and international skills	13	1	<b>8</b>	13	3	<b>23</b>	13	0	<b>0</b>
Environment	13	1	<b>8</b>	13	0	<b>0</b>	13	1	<b>8</b>
Other	13	0	<b>0</b>	13	0	<b>0</b>	13	0	<b>0</b>

**Table 5.18 The Areas of Training Focused During the Next Three Years, Service Sector**

	Management and/or key personnel			Clerical			Manual		
	n	No.	%	n	No.	%	n	No.	%
People management and supervision	19	14	<b>74</b>	19	9	<b>47</b>	15	0	<b>0</b>
Business administration and strategy	19	13	<b>68</b>	19	2	<b>11</b>	15	0	<b>0</b>
Management of change	19	8	<b>42</b>	19	3	<b>16</b>	15	2	<b>13</b>
Information technology	19	4	<b>21</b>	19	9	<b>47</b>	15	6	<b>40</b>
Technical skills	19	0	<b>0</b>	19	2	<b>11</b>	15	0	<b>0</b>
Quality	19	1	<b>5</b>	19	2	<b>11</b>	15	9	<b>60</b>
Marketing and sales	19	3	<b>16</b>	19	6	<b>32</b>	15	2	<b>13</b>
Customer service skills	19	1	<b>5</b>	19	6	<b>32</b>	15	10	<b>67</b>
Health and safety	19	0	<b>0</b>	19	2	<b>11</b>	15	3	<b>20</b>
Co-operative and interactive skills	19	5	<b>26</b>	19	10	<b>53</b>	15	5	<b>33</b>
Language and international skills	19	0	<b>0</b>	19	0	<b>0</b>	15	0	<b>0</b>
Environment	19	2	<b>11</b>	19	1	<b>5</b>	15	1	<b>7</b>
Other	19	1	<b>5</b>	19	0	<b>0</b>	15	1	<b>7</b>

**Proportion of Wages and Salaries Spent on Training; Questionnaire Reference – Appendix G, Section 3, No. 5**

Only 16 (48%) respondents provided the required information for this question. Eleven (69%) of those estimated their costs for training to be somewhere between 1-4% of total annual wages and salaries, one (6%) spending more than this and four (25%) less than this. One company who did not provide this parameter commented that: "Actual development of the employee is much more important than money spent on training". The highest figure here was accounted by an energy sector company and the lowest for a food and drinks company. The details about those 16 who provided the requested figure are provided in Table 5.19.

**Table 5.19 Proportion of Wages and Salaries Spent on Training in 2000**

% of wages	All			Manufacturing			Service		
	n	No.	%	n	No.	%	n	No.	%
<1	16	4	<b>25</b>	8	4	<b>50</b>	8	0	<b>0</b>
1-2	16	5	<b>31</b>	8	2	<b>25</b>	8	3	<b>38</b>
3-4	16	6	<b>38</b>	8	1	<b>13</b>	8	5	<b>63</b>
5-6	16	1	<b>6</b>	8	1	<b>13</b>	8	0	<b>0</b>
>6	16	0	<b>0</b>	8	0	<b>0</b>	8	0	<b>0</b>

**Proportion of Personnel which Participated in Training; Questionnaire Reference – Appendix G, Section 3, No. 4**

Twenty-five respondents (76%) provided the requested parameter for this question. Within the group, 13 (52%) claimed that 50% or more of their personnel participated in training in 2000. Six respondents (24%) maintained that 80% or more of their personnel had

participated. The lowest figures accounted were for three wholesale and retail trade companies and a multisector company, which all claimed that less than 20% of the staff participated. As noted earlier, this parameter does not tell how much training was provided for each member of staff.

**Table 5.20 Percentage of the Staff which Participated in Training**

%	All			Manufacturing			Service		
	n	No.	%	n	No.	%	n	No.	%
90 or more	25	3	<b>12</b>	11	1	<b>9</b>	14	2	<b>14</b>
80-89	25	3	<b>12</b>	11	2	<b>18</b>	14	1	<b>7</b>
50-79	25	7	<b>28</b>	11	3	<b>27</b>	14	4	<b>29</b>
20-49	25	8	<b>32</b>	11	4	<b>36</b>	14	4	<b>29</b>
10-19	25	3	<b>12</b>	11	0	<b>0</b>	14	3	<b>21</b>
<10	25	1	<b>4</b>	11	1	<b>9</b>	14	0	<b>0</b>

**Initial Training, Mentoring and Training for Special Needs - Questionnaire Reference Appendix G, Section 3, No. 6**

Initial training for new recruits was organised by all respondents. Mentoring or guidance at work was provided for new recruits by 14 (42%) respondents whereas training for special needs was organised at ten (30%) companies. Mentoring was more often organised within the service sector (9, 47%) than within the manufacturing sector (5, 36%) whereas training for special needs for new recruits was more common in the manufacturing sector (5, 36%) than in the services (5, 26%).

**Table 5.21 Training/Guidance for New Recruits**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
Initial training	33	33	<b>100</b>	14	14	<b>100</b>	19	19	<b>100</b>
Mentoring/guidance	33	14	<b>42</b>	14	5	<b>36</b>	19	9	<b>47</b>
Training for special needs	33	10	<b>30</b>	14	5	<b>36</b>	19	5	<b>26</b>

Only two respondents (6%) organised guidance at work for older people, whereas training for special needs was provided for this group by ten (30%) respondents. Guidance has been organised exclusively by two service sector respondents.

**Table 5.22 Training/Guidance for Ageing Employees**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
Guidance at work	33	2	<b>6</b>	14	0	<b>0</b>	19	2	<b>11</b>
Training for special needs	33	10	<b>30</b>	14	4	<b>29</b>	19	6	<b>32</b>

Only four respondents (12%) organised mentoring for low skilled employees whereas training for special needs was more common, organised by 11 (33%) companies.

**Table 5.23 Training/Guidance for Low-skilled**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
Mentoring/guidance	33	4	<b>12</b>	14	2	<b>14</b>	19	2	<b>11</b>
Training for special needs	33	11	<b>33</b>	14	5	<b>36</b>	19	6	<b>32</b>

**Competence Appraisals, Development Discussions and Personal Development Plans; Questionnaire Reference – Appendix G, Section 3, No. 7a and b**

Twenty (61%) respondents carried out competence appraisals at their respective organisations. Five respondents claimed that they performed competence appraisals with all categories of staff whereas a further 15 carried out competence appraisals only with certain staff categories. Seven of those who carried out competence appraisals only with certain staff categories explained that competence appraisals were carried out only with management, key personnel or supervisors. Four respondents carried out competence appraisals exclusively with clerical staff. One respondent explained that the competence appraisals and how they are performed depends on an individual supervisor. One respondent had carried out competence appraisals "for those concerned" when renovating the work procedures. The remaining two declined to specify any group.

Regular development discussions were in use at 31 responding companies (94%) and as many as 17 carried them out with all staff categories. A further 14 companies had development discussion only for certain staff categories. Four of those 14 who carried out development discussions did this exclusively with management or supervisors, six "as a rule" with clerical staff, one with certain groups of clerical and manual staff, two only with manual staff and the remaining one did not specify any group.

Twenty-three (70%) companies had personal development plans in use. These were made for all categories of staff at 11 organisations. Twelve respondents prepared personal development plans only for certain categories of staff. Within this group, four companies prepared personal development plans only for management, key personnel or supervisors whereas a further five respondents did this exclusively with clerical staff. One respondent explained that personal development plans were prepared "in accordance with the supervisor", another stated that development plans were prepared for part of the manual staff and the remaining one did not specify any group.

**Table 5.24 Competence Appraisals, Regular Development Discussions and Personal Development Plans, All Respondents**

	n	Yes, all categories of staff		Yes, but only for certain staff categories		No but in future plans		No		Don't know	
		No.	%	No.	%	No.	%	No.	%	No.	%
Competence appraisals	33	5	<b>15</b>	15	<b>45</b>	7	<b>21</b>	3	<b>9</b>	0	<b>0</b>
Regular development discussions	33	17	<b>52</b>	14	<b>42</b>	2	<b>6</b>	0	<b>0</b>	0	<b>0</b>
Personal development plans	33	11	<b>33</b>	12	<b>36</b>	7	<b>21</b>	2	<b>6</b>	0	<b>0</b>

**Table 5.25 Competence Appraisals, Regular Development Discussions and Personal Development Plans, Manufacturing Sector**

	n	Yes, all categories of staff		Yes, but only for certain staff categories		No, but in future plans		No		Don't know	
		No.	%	No.	%	No.	%	No.	%	No.	%
Competence appraisals	14	2	<b>14</b>	5	<b>36</b>	3	<b>21</b>	2	<b>14</b>	0	<b>0</b>
Regular development discussions	14	8	<b>57</b>	5	<b>36</b>	1	<b>7</b>	0	<b>0</b>	0	<b>0</b>
Personal development plans	14	5	<b>36</b>	4	<b>29</b>	3	<b>21</b>	2	<b>14</b>	0	<b>0</b>

**Table 5.26 Competence Appraisals, Regular Development Discussions and Personal Development Plans, Service Sector**

	n	Yes for all categories of staff		Yes, but only for certain staff categories		No but in future plans		No		Don't know	
		No.	%	No.	%	No.	%	No.	%	No.	%
Competence appraisals	19	3	<b>16</b>	10	<b>53</b>	4	<b>21</b>	1	<b>5</b>	0	<b>0</b>
Regular development discussions	19	9	<b>47</b>	9	<b>47</b>	1	<b>5</b>	0	<b>0</b>	0	<b>0</b>
Personal development plans	19	6	<b>32</b>	8	<b>42</b>	4	<b>21</b>	0	<b>0</b>	0	<b>0</b>

### **Job Rotation; Questionnaire Reference – Appendix G, Section 3, No. 8**

Job rotation between different units of the organisation was promoted by 18 respondents (55%). Fourteen of these encouraged all categories of staff to rotate, whereas only certain categories of staff were encouraged to rotate at four respondent organisations. Those four, which encouraged only certain staff categories to rotate, mentioned supervisors, those with special skills and production staff. One respondent declined to specify any group.

All staff categories were encouraged to rotate more often within the service sector than within the manufacturing sector. Three respondents used the 'other' alternative. One stated that the decisions concerning job rotations are made in the context of development discussions. A further two respondents explained that all vacancies were announced at first, exclusively within the company.

**Table 5.27 Companies who Encourage their Staff to Rotate**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Yes, all categories of staff	33	14	<b>42</b>	4	<b>29</b>	10	<b>53</b>
Yes, but only certain categories of staff	33	4	<b>12</b>	3	<b>21</b>	1	<b>5</b>
No, but included in future plans	33	9	<b>27</b>	5	<b>36</b>	4	<b>21</b>
No	33	3	<b>9</b>	1	<b>7</b>	2	<b>11</b>
Don't know	33	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
Other	33	3	<b>9</b>	1	<b>7</b>	2	<b>11</b>

**Formal Vocational Qualifications; Questionnaire Reference – Appendix G, Section 3, No. 9**

Training related to specific needs of the organisation and aimed at achieving formal qualifications had been taken into use at 16 (48%) companies. At five companies it was available for all categories of staff and in 11 certain categories of staff. Formal vocational qualifications were more often taken into use for all categories of staff within the manufacturing sector than within the service sector.

Four of those 11 who had taken this in use only for certain staff categories specified that formal qualifications were mainly for supervisors or future managers. The remaining seven mentioned specific vocational groups or employees without adequate qualifications. Examples of additional information provided by three respondents and classified into the other category are as follows:

- The company supports employees to complete their studies, which they have already started, with the aim of achieving formal qualifications.
- New manual staff completes training, which leads to formal vocational qualifications.
- The company has a positive attitude towards the matter and everybody who is willing is able to start studies and acquire formal qualifications.

**Table 5.28 Companies who had Taken into Use Formal Vocational Qualifications**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Yes, for all categories of staff	33	5	<b>15</b>	3	<b>21</b>	2	<b>11</b>
Yes, but only for certain staff categories	33	11	<b>33</b>	4	<b>29</b>	7	<b>37</b>
No, but included in future plans	33	2	<b>6</b>	1	<b>7</b>	1	<b>5</b>
No	33	12	<b>36</b>	4	<b>29</b>	8	<b>42</b>
Don't know	33	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
Other	33	3	<b>9</b>	2	<b>14</b>	1	<b>5</b>



**Studies on an Employee’s Own Accord; Questionnaire reference – Appendix G, Section 3, No. 10**

Twenty-five respondents (76%) maintained that they encouraged their staff to study on their own accord and to use working time for this. Twenty-two encouraged all the staff to study on their own accord whereas three respondents encouraged only some categories of staff. One respondent who ticked ‘no’ added that the company encourages studies on their employees’ own accord in their leisure. The other category included responses such as "up to some extent, but not in an organised way" and that "employees are given some exemptions from work for their studies".

**Table 5.29 Companies Promoting Employees to Study on their Own Accord**

	n	All			Manufacturing		Services	
		No.	%	No.	%	No.	%	
Yes, all the staff	33	22	<b>67</b>	8	<b>57</b>	14	<b>74</b>	
Yes, but only certain staff categories	33	3	<b>9</b>	3	<b>21</b>	0	<b>0</b>	
No, but in future plans	33	3	<b>9</b>	1	<b>7</b>	2	<b>11</b>	
No	33	3	<b>9</b>	1	<b>7</b>	2	<b>11</b>	
Don't know	33	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>	
Other	33	2	<b>6</b>	1	<b>7</b>	1	<b>5</b>	

**Participation of Employees with Atypical Contracts; Questionnaire Reference – Appendix G, Section 4, No. 11**

Employees having a part-time contract participated in training on equal terms with the others in 17 (52%) companies, employees with a fixed-term contract in 11 (33%) and other temporary in four (12%) companies. Within the service sector the figures were clearly higher for the participation of employees with part-time and fixed term contracts. It should be noted, however, that within the manufacturing sector the number of part-time employees was generally limited and other temporary employees were rare (see section 5, question 1). At one organisation (3%), part-timers did not participate in training at all, whereas this was the case in three organisations (9%) for employees with a fixed term contract and in nine organisations (27%) for those having another temporary contract.

**Table 5.30 Participation of Employees with Atypical Contract in Training, All Respondents**

	n	Yes, in equal terms		In accordance with supervisor		No		Don't know		N/A	
		No.	%	No.	%	No.	%	No.	%	No.	%
Part-time	33	17	<b>52</b>	14	<b>42</b>	1	<b>3</b>	0	<b>0</b>	1	<b>3</b>
Fixed-term	33	11	<b>33</b>	19	<b>58</b>	3	<b>9</b>	0	<b>0</b>	0	<b>0</b>
Other temporary	33	4	<b>12</b>	16	<b>48</b>	9	<b>27</b>	0	<b>0</b>	0	<b>0</b>

**Table 5.31 Participation of Employees with Atypical Contract in Training, Manufacturing Sector**

	n	Yes, in equal terms		In accordance with supervisor		No		Don't know		N/A	
		No.	%	No.	%	No.	%	No.	%	No.	%
Part-time	14	4	<b>29</b>	8	<b>57</b>	1	<b>7</b>	0	<b>0</b>	1	<b>7</b>
Fixed-term	14	3	<b>21</b>	8	<b>57</b>	3	<b>21</b>	0	<b>0</b>	0	<b>0</b>
Other temporary	14	2	<b>14</b>	4	<b>29</b>	5	<b>36</b>	0	<b>0</b>	0	<b>0</b>

**Table 5.32 Participation of Employees with Atypical Contract in Training, Service Sector**

	n	Yes, in equal terms		In accordance with supervisor		No		Don't know		N/A	
		No.	%	No.	%	No.	%	No.	%	No.	%
Part-time	19	13	<b>68</b>	6	<b>32</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
Fixed-term	19	8	<b>42</b>	11	<b>58</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
Other temporary	19	2	<b>11</b>	12	<b>63</b>	4	<b>21</b>	0	<b>0</b>	0	<b>0</b>

**Training Opportunities Offered by the Organisations; Questionnaire Reference – Appendix G, Section 4, No. 12**

All respondents have offered training possibilities for students. Fifteen (45%) respondents stated that they had done this actively. Eighteen respondents (55%) stated that they had done this to some extent. Twenty-seven respondents (82%) have offered training possibilities for college or university leavers. Six organisations argued that they have done this actively and a further 21 that they have done this to some extent.

Eight (24%) companies have offered training possibilities for the long-term unemployed one of those claiming that this had taken place actively. Four companies (12%) had offered training for the ageing unemployed ‘to some extent’. Nine respondents (27%) have organised training for immigrants or ethnic minorities, all maintaining that this had happened ‘to some extent’ Nine organisations (27%) stated that they have organised training for people with disabilities, however, only one of these actively. Six respondents (18%) have organised training for low-skilled people, none of these actively.

With regard to the long-term unemployed, the ageing unemployed, immigrants or ethnic minorities, people with disabilities or low-skilled people, only two respondents, one service sector and one manufacturing sector representative, had offered training possibilities for each of these group. The service sector respondent had offered training actively for the long-term unemployed as well as for people with disabilities and to the other groups ‘to some extent’. The manufacturing respondent had offered training opportunities to all these groups ‘to some extent’. Fifteen respondents (45%) did not give

an affirmative answer with regard to any of these groups. Within the manufacturing sector this figure was seven (50%) and within the service sector eight (42%).

**Table 5.33 Training Opportunities Offered by the Company, All Respondents**

	n	Yes, actively		Yes, to some extent		Included in future plans		No		Don't know	
		No.	%	No.	%	No.	%	No.	%	No.	%
Students	33	15	<b>45</b>	18	<b>55</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
University and college leavers	33	6	<b>18</b>	21	<b>64</b>	0	<b>0</b>	5	<b>15</b>	0	<b>0</b>
Long-term unemployed	33	1	<b>3</b>	7	<b>21</b>	1	<b>3</b>	19	<b>58</b>	0	<b>0</b>
Ageing unemployed	33	0	<b>0</b>	4	<b>12</b>	1	<b>3</b>	23	<b>70</b>	0	<b>0</b>
Immigrants/ethnic minorities	33	0	<b>0</b>	9	<b>27</b>	0	<b>0</b>	19	<b>58</b>	0	<b>0</b>
People with disabilities	33	1	<b>3</b>	8	<b>24</b>	0	<b>0</b>	21	<b>64</b>	0	<b>0</b>
Low-skilled	33	0	<b>0</b>	6	<b>18</b>	0	<b>0</b>	22	<b>67</b>	0	<b>0</b>

**Table 5.34 Training Opportunities Offered by the Companies, Manufacturing Sector**

	n	Yes, actively		Yes, to some extent		Included in future plans		No		Don't know	
		No.	%	No.	%	No.	%	No.	%	No.	%
Students	14	7	<b>50</b>	7	<b>50</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
University and college leavers	14	1	<b>7</b>	9	<b>64</b>	0	<b>0</b>	3	<b>21</b>	0	<b>0</b>
Long-term unemployed	14	0	<b>0</b>	2	<b>14</b>	1	<b>7</b>	8	<b>57</b>	0	<b>0</b>
Ageing unemployed	14	0	<b>0</b>	1	<b>7</b>	1	<b>7</b>	10	<b>71</b>	0	<b>0</b>
Immigrants/ethnic minorities	14	0	<b>0</b>	4	<b>29</b>	0	<b>0</b>	8	<b>57</b>	0	<b>0</b>
People with disabilities	14	0	<b>0</b>	3	<b>21</b>	0	<b>0</b>	9	<b>64</b>	0	<b>0</b>
Low-skilled	14	0	<b>0</b>	2	<b>14</b>	0	<b>0</b>	10	<b>71</b>	0	<b>0</b>

**Table 5.35 Training Opportunities Offered by the Companies, Service Sector**

	n	Yes, actively		Yes, to some extent		Included in future plans		No		Don't know	
		No.	%	No.	%	No.	%	No.	%	No.	%
Students	19	8	<b>42</b>	11	<b>58</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
University and college leavers	19	5	<b>26</b>	12	<b>63</b>	0	<b>0</b>	2	<b>11</b>	0	<b>0</b>
Long-term unemployed	19	1	<b>5</b>	5	<b>26</b>	0	<b>0</b>	11	<b>58</b>	0	<b>0</b>
Ageing unemployed	19	0	<b>0</b>	3	<b>16</b>	0	<b>0</b>	13	<b>68</b>	0	<b>0</b>
Immigrants/ethnic minorities	19	0	<b>0</b>	5	<b>26</b>	0	<b>0</b>	11	<b>58</b>	0	<b>0</b>
People with disabilities	19	1	<b>5</b>	5	<b>26</b>	0	<b>0</b>	12	<b>63</b>	0	<b>0</b>
Low-skilled	19	0	<b>0</b>	4	<b>21</b>	0	<b>0</b>	12	<b>63</b>	0	<b>0</b>

**Additional Issues Mentioned by the Respondents; Questionnaire Reference – Appendix G – Section 3, No. 13**

Only four respondents, three manufacturing sector and one service sector representative provided additional information with regard to training and development. Two companies (6%), both manufacturing sector companies stressed that they take into account employees' individual needs. The comments were as follows:

- "The role of the personnel/HR management has been recently specified and its' organisational status raised during the year 2001."
- "The aim is to provide so called 'tallied training' meaning that the individual needs of an employee are taken into account."
- "Individual training needs of each employee are gone through in development discussions. The common needs of the company are defined in the strategy."
- "We have started a two-year training project in which the whole staff participate."

### 5.2.5 Participation and Staff Involvement

#### Methods which Employees Use to Communicate their Views to Management; Questionnaire Reference - Appendix G, Section 4, No. 1

Thirty respondents (91%) stated that their employees use their immediate supervisor to communicate their views to the management. Furthermore, the shop steward system was used at 31 respondent companies (94%). Other parameters which scored high were an attitude survey (26, 79%), regularly meeting co-operative bodies (26, 79%), direct email contact to the managing director (26, 79%), a suggestion scheme (21, 64%) as well as regular workplace meetings (20, 61%).

The European Work Council was established only by one respondent (3%), a manufacturing company. Anonymous complaint points yielded the second lowest score, only five companies (15%) having this channel in use. The anonymous complaint points were more often in use within the service sector than within the manufacturing sector.

**Table 5.36 Methods for Communicating Employees Views to Management**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
Through immediate supervisor	33	30	<b>91</b>	14	12	<b>86</b>	19	18	<b>95</b>
Through shop stewards	33	31	<b>94</b>	14	13	<b>93</b>	19	18	<b>95</b>
Through European Work Council	33	1	<b>3</b>	14	1	<b>7</b>	19	0	<b>0</b>
Through regularly meeting co-operative bodies	33	26	<b>79</b>	14	13	<b>93</b>	19	13	<b>68</b>
Through regular workplace meetings	33	20	<b>61</b>	14	8	<b>57</b>	19	12	<b>63</b>
Through direct email contact to the managing director	33	26	<b>79</b>	14	11	<b>79</b>	19	15	<b>79</b>
Through anonymous complaints points	33	5	<b>15</b>	14	1	<b>7</b>	19	4	<b>21</b>
Through an attitude/job motivation survey	33	26	<b>79</b>	14	10	<b>71</b>	19	16	<b>84</b>
Through a suggestion scheme	33	21	<b>64</b>	14	12	<b>86</b>	19	9	<b>47</b>

Additional communication channels mentioned here were the following:

- quality teams,
- work atmosphere surveys,
- the ‘target discussions’,
- personal info’s ,
- email surveys,
- special meeting where the employees can ask questions from the management,
- discussion forum at the intranet.

**The Employee Categories Briefed Formally about the Strategy and Economic Performance of the Organisation; Questionnaire Reference – Appendix G, Section 4, No. 2**

These parameters scored high at all participating organisations. Twenty-three (70%) respondents formally briefed all staff categories about the strategy of the company. Within the manufacturing sector the figure was 12 (86%) and within the service sector 11 (58%). Twenty-eight respondents (85%) informed all staff categories about the economic performance of the organisation. In the manufacturing sector, 11 respondents (79%) did this whereas within the service sector, 17 respondents (89%) provided an affirmative answer. It should be noted that at three service sector organisations the category of manual staff did not exist.

**Table 5.37 The Staff Categories Formally Informed about the Strategy of the Organisation**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Management and/or key personnel	33	32	<b>97</b>	14	<b>100</b>	18	<b>95</b>
Clerical staff	33	28	<b>85</b>	13	<b>93</b>	15	<b>79</b>
Manual staff	30	20	<b>67</b>	12	<b>86</b>	8	<b>50</b>

**Table 5.38 The Staff Categories Formally Informed About the Economical Performance of the Organisation**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Management and/or key personnel	33	32	<b>97</b>	14	<b>100</b>	18	<b>95</b>
Clerical staff	33	30	<b>91</b>	12	<b>86</b>	18	<b>95</b>
Manual staff	30	25	<b>83</b>	11	<b>79</b>	14	<b>88</b>

**Team-based Working; Questionnaire Reference – Appendix G, Section 4, No. 3**

Forms of team-based work, aimed at more independent work performance had been applied at 27 (82%) organisations. Seven organisations (21%) claimed that they have teams in use company wide, whereas 20 (61%) considered that team-based work has been

taken into use 'to some extent'. One respondent, who ticked 'no, but included in future plans' commented that "team work fits in with the company values", but teams had not been applied in a planned form and the company had not invested in training with regard to the matter.

**Table 5.39 The Extent to which the Team-work is Applied**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Company-wide	33	7	<b>21</b>	3	<b>21</b>	4	<b>21</b>
To some extent	33	20	<b>61</b>	8	<b>57</b>	12	<b>63</b>
Included in future plans	33	1	<b>3</b>	1	<b>7</b>	0	<b>0</b>
No	33	4	<b>12</b>	1	<b>7</b>	3	<b>16</b>
Don't know	33	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
Other	33	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>

#### **Incentive Schemes in Use; Questionnaire Reference – Appendix G, Section 4, No.4**

Only two respondents (6%), one manufacturing sector and one service sector representative both quoted companies, had a stock option scheme in use. The remaining one quoted company had not applied this scheme. Both respondents offered stock options to management and/or key personnel as well as to clerical staff. However, it should be noted that the service sector company did not have employees who could be categorised as 'manual staff'. Three respondents (9%) maintained that they had a personnel fund. Only one of these was a service sector respondent. The personnel fund, in each case, covered all staff categories.

The majority of respondents, 24 (73%) had a result-based pay in use. Eighteen (75%) of those who had this parameter in use offered it to all staff categories. Within the manufacturing sector the corresponding figure was nine (90%) and within the service sector nine (64%).

Sixteen (48%) had merit or performance related pay in use. Two of those (13%) offered this for all categories of staff. Most often, merit or performance related pay was in use in manufacturing sector and for manual staff. Merit or performance related one-time bonuses were in use at 17 (52%) companies. Four of those (24%) offered these to all categories of staff.

**Table 5.40 Incentive Schemes in Use, All Respondents**

	Incentive scheme in use		Management and/or key personnel		Clerical		Manual	
	No.	%	No.	%	No.	%	No.	%
Stock option schemes	2	<b>6</b>	2	<b>100</b>	2	<b>100</b>	0	<b>0</b>
Personnel fund	3	<b>9</b>	3	<b>100</b>	3	<b>100</b>	2	<b>100</b>
Result-based pay	24	<b>73</b>	24	<b>100</b>	20	<b>83</b>	16	<b>73</b>
Merit or performance related variable pay	16	<b>48</b>	3	<b>19</b>	13	<b>81</b>	14	<b>100</b>
Merit of performance related one-time bonuses	17	<b>52</b>	8	<b>47</b>	12	<b>71</b>	12	<b>80</b>

**Table 5.41 Incentive Schemes in Use, Manufacturing Sector**

	Incentive scheme in use		Management and/or key personnel		Clerical		Manual	
	No.	%	No.	%	No.	%	No.	%
Stock option schemes	1	<b>7</b>	1	<b>100</b>	1	<b>100</b>	0	<b>0</b>
Personnel fund	2	<b>14</b>	2	<b>100</b>	2	<b>100</b>	2	<b>100</b>
Result-based pay	10	<b>71</b>	10	<b>100</b>	9	<b>90</b>	9	<b>90</b>
Merit or performance related variable pay	7	<b>50</b>	0	<b>0</b>	6	<b>86</b>	7	<b>100</b>
Merit of performance related one-time bonuses	5	<b>36</b>	2	<b>40</b>	5	<b>100</b>	3	<b>60</b>

**Table 5.42 Incentive Schemes in Use, Service Sector**

	Incentive scheme in use		Management and/or key personnel		Clerical		Manual	
	No.	%	No.	%	No.	%	No.	%
Stock option schemes	1	<b>5</b>	1	<b>100</b>	1	<b>100</b>	0	<b>0</b>
Personnel fund	1	<b>5</b>	1	<b>100</b>	1	<b>100</b>	0	<b>0</b>
Result-based pay	14	<b>74</b>	14	<b>100</b>	11	<b>79</b>	7	<b>58</b>
Merit or performance related variable pay	9	<b>47</b>	3	<b>33</b>	7	<b>78</b>	7	<b>100</b>
Merit of performance related one-time bonuses	12	<b>63</b>	6	<b>50</b>	7	<b>58</b>	9	<b>90</b>

Examples of other incentive systems or comments were as follows;

- pension insurance system for management and key personnel,
- a bonus related to the results of the company is paid to all employees,
- the company plans to introduce result-based pay in the near future.

#### **Additional Issues Mentioned by the Respondents; Questionnaire Reference – Appendix G – Section 4, No. 5**

Only five respondents, two manufacturing sector and three service sector companies provided additional information with regard to employee involvement. Examples of comments were as follows:

- "The managing director of the company is strongly committed to the values of the company. He is genuinely interested and prepared to listen to the staff at all organisational levels."
- "The atmosphere is generally open, in the way that everybody can discuss with the management as well. This, even if some might find discussion easier than the others."
- "The initiatives prepared by the employees are made a good use of. If we have some special area under development, which is the case with the environment at the moment, we also regularly give awards for good initiatives and make an effort to commit our personnel."
- "Personnel is involved in planning the operations as well as in target setting."
- "The organisation is flat and the departments are largely responsible for their own operations".

## 5.2.6 Security in Employment

### Atypical Contracts; Questionnaire Reference – Appendix G, Section 5, No.1

Fourteen (47%) of those, who provided the requested figure, estimated the proportion of part-timers to be 2% or less of their workforce. Within the manufacturing sector the proportion of part-timers remained generally low, the highest score being only 5%, 11 (85%) claiming that their proportion was 2% or less. Part timers-were much more common within the service sector, ten respondents (59%) maintaining that their proportion of the total workforce was 10% or more, six respondents (35%) stating that their proportion accounts for 30% or even more. The highest scores for part-timers were accounted for retail trade companies. Three respondents did not provide the requested parameter.

**Table 5.43 Proportion of Part-time Contracts**

	n	All		Manufacturing			Services		
		No.	%	n	No.	%	n	No.	%
50 or more	30	3	<b>10</b>	13	0	<b>0</b>	17	3	<b>18</b>
30-49	30	3	<b>10</b>	13	0	<b>0</b>	17	3	<b>18</b>
20-29	30	1	<b>3</b>	13	0	<b>0</b>	17	1	<b>6</b>
10-19	30	3	<b>10</b>	13	0	<b>0</b>	17	3	<b>18</b>
6-9	30	0	<b>0</b>	13	0	<b>0</b>	17	0	<b>0</b>
3-5	30	6	<b>20</b>	13	2	<b>15</b>	17	4	<b>24</b>
0-2	30	14	<b>47</b>	13	11	<b>85</b>	17	3	<b>18</b>

The proportion of employees with fixed term contracts was under 10% at 18 organisations (62%). Fixed term contracts were more common within the service sector than within the manufacturing sector. Four respondents did not provide this parameter.



**Table 5.44 Proportion of Fixed-term Contracts**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
20 or more	29	0	0	13	0	<b>0</b>	16	0	<b>0</b>
10-19	29	11	38	13	3	<b>23</b>	16	8	<b>50</b>
6-9	29	1	3	13	0	<b>0</b>	16	1	<b>6</b>
3-5	29	7	24	13	4	<b>31</b>	16	3	<b>19</b>
0-2	29	10	34	13	6	<b>46</b>	16	4	<b>25</b>

Only 14 respondents provided the parameter requested, the corresponding figure being five within the manufacturing sector and nine within the service sector. The figures indicate that temporary workers were far more common within the service sector than within the manufacturing sector. The highest figures were accounted for within the service sector for representatives of the retail trade industry.

**Table 5.45 Proportion of Other Temporary Contracts**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
20 or more	14	1	<b>7</b>	5	0	<b>0</b>	9	1	<b>11</b>
10-19	14	2	<b>14</b>	5	0	<b>0</b>	9	2	<b>22</b>
6-9	14	0	<b>0</b>	5	0	<b>0</b>	9	0	<b>0</b>
3-5	14	0	<b>0</b>	5	0	<b>0</b>	9	0	<b>0</b>
<2	14	5	<b>36</b>	5	1	<b>20</b>	9	4	<b>44</b>
0	14	6	<b>43</b>	5	4	<b>80</b>	9	2	<b>22</b>

### **The Companies which Have Reduced their Workforce and how These Reductions Were Implemented; Questionnaire Reference – Appendix G, Section 5, No. 2 and 3**

Sixteen respondents (48%) have reduced their workforce in 1999-2001. Within the manufacturing sector eight (57%) companies have done this whereas within the service sector the corresponding share was slightly lower, eight organisations (42%) providing an affirmative answer. Only individual industry, where none of the participants had had redundancies, was financial services represented by three companies.

Most commonly used methods when reductions were implemented were dismissals (13, 81%), natural wastage (7, 44%) and early retirements (7, 44%). Only four respondents (25%) had transferred staff to other tasks within the company. None of the respondents provided an affirmative answer with regard to 'decrease in pays and benefits', 'general labour time reduction in agreement with a trade-union' or 'increasing employees opportunities to choose more flexibility into their working time'. Other parameters which scored low were conversion of full time jobs to part time (1, 6%), reduction in over-time hours (3, 19%) and staff transferred to the other tasks within the company (4, 25%).

One respondent added unemployment pension arrangements to the list of measures. This arrangement concerned only a few employees "all willing to go on unemployment pension". Another respondent mentioned that co-determination negotiations have just started in order to lay-off seven employees. Three companies, all manufacturing sector representatives have reduced their workforce by using other means than dismissals.

Within the manufacturing sector the most commonly used methods were dismissals (5, 63%), natural wastage (4, 50%), lay-offs (4, 50%), and no substitutes hired (4, 50%). Within the service sector all respondents have used dismissals, four (50%) early retirements, three (38%) discontinued fixed-term contracts and three (38%) natural wastage.

**Table 5.46 Methods Applied when Implementing Reductions of Workforce**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Dismissals	16	13	<b>81</b>	5	<b>63</b>	8	<b>100</b>
Lay-offs	16	5	<b>31</b>	4	<b>50</b>	1	<b>13</b>
Conversion of full-time jobs to part-time	16	1	<b>6</b>	0	<b>0</b>	1	<b>13</b>
Natural wastage	16	7	<b>44</b>	4	<b>50</b>	3	<b>38</b>
Early retirements	16	7	<b>44</b>	3	<b>38</b>	4	<b>50</b>
Discontinued fixed-term contracts	16	6	<b>38</b>	3	<b>38</b>	3	<b>38</b>
No substitutes hired	16	5	<b>31</b>	4	<b>50</b>	1	<b>13</b>
Staff transferred to the other tasks within the company	16	4	<b>25</b>	3	<b>38</b>	1	<b>13</b>
Decrease in pays and benefits in agreement with the trade-union	16	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
General labour time reduction in agreement with the trade-union	16	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
Reduction in over-time hours	16	3	<b>19</b>	2	<b>25</b>	1	<b>13</b>
Employees opportunities to choose more flexibility into their working time were increased	16	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>

#### **Support to Redundant Employees - Questionnaire Reference – Appendix G, Section 5, No.4**

Nineteen (58%) companies offered counselling in order to help a redundant employee to find a new job. Training for this purpose, financial support, collaboration with other companies as well as support to employees willing to start their own business were less common. All parameters scored higher within the manufacturing sector. One service sector respondent had offered all the alternative forms of help listed, whereas 13 respondents (39%), five manufacturing sector and eight service sector representatives did not provide an affirmative answer to any of the listed parameters. One of those added "pension arrangements" to the list and another stated that they have not had any dismissals.

**Table 5.47 Help Offered in Case of Redundancies**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
Training	33	6	<b>18</b>	14	4	<b>29</b>	19	2	<b>11</b>
Counselling	33	19	<b>58</b>	14	11	<b>79</b>	19	8	<b>42</b>
Financial support	33	4	<b>12</b>	14	3	<b>21</b>	19	1	<b>5</b>
Collaboration with other companies	33	5	<b>15</b>	14	4	<b>29</b>	19	1	<b>5</b>
Support to start own business	33	2	<b>6</b>	14	1	<b>7</b>	19	1	<b>5</b>

### **Additional Issues Mentioned by the Respondents; Questionnaire Reference – Appendix G– Section 5, No. 5**

Five respondents, two manufacturing sector and three service sector representatives provided additional information with regard to job security. Two respondents (6%) emphasised the importance of retraining and transfer to new tasks. Examples of the comments were as follows:

- "The aim is always to avoid dismissals and to educate employees and transfer them to the new tasks within the group."
- "The aim is always to try to find a new task and train the employee for this."
- "The aim is to adjust without dismissals."
- "The dismissals have been taken place only on personal reasons, the reductions are always on a voluntary basis."
- "Our principle is to offer a job for the rest of the life."

### **5.2.7 Employee Well-being and Work Ability**

#### **Average Age of the of Personnel; Questionnaire Reference – Appendix G, Section 6, No.1**

The average age, in general, was high especially within the manufacturing sector. Eighteen companies (58%) maintained that the average age of employees was 40 or more, the respective figures being for the manufacturing sector ten (77%) and for the service sector eight (44%). Within the manufacturing sector at four companies (31%) the average age was 45 or more and within the service sector the corresponding figure was three (17%). Two respondents declined to provide this figure.

**Table 5.48 Average Age of Personnel**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
30-34	31	8	<b>26</b>	3	<b>23</b>	5	<b>28</b>
35-39	31	5	<b>16</b>	0	<b>0</b>	5	<b>28</b>
40-44	31	11	<b>35</b>	6	<b>46</b>	5	<b>28</b>
45-49	31	7	<b>23</b>	4	<b>31</b>	3	<b>17</b>

**Activities related to Maintaining and Promoting Employee Well-being and Work Ability; Questionnaire Reference – Appendix G, Section 6. No. 2 and 3.**

Thirty-two respondents (97%) stated that they organise activities, in excess of legal requirements, which are aimed at promoting and maintaining their employees' well-being and work ability. In general, these activities covered the staff of the organisation. In addition to these three respondents, two service sector and one manufacturing sector representatives provided free-time activities, such as trips or games for employee's families. One respondent, a service company, stated that activities covered private consultants providing services for the company.

**Activities related to Promoting Individual Well-being; Questionnaire Reference – Appendix G, Section 6, No 4.**

The parameters listed in this question scored high among the respondents. Two respondents (6%) provided an affirmative answer to all 12 parameters and a further three (9%) to 10 or 11 parameters. Within the manufacturing sector these figures were one (7%) for those who ticked all 12 parameters and one (7%) for those who ticked 11 or 10. Corresponding figures within the service sector were one (5%) for those giving an affirmative answer to all 12 parameters and two (11%) for those who ticked 11 or 10 parameters. The lowest score was one tick for support for free-time sport or recreation. Furthermore, as it was noted earlier, one service sector company did not organise activities, in excess of legal requirements, which are aimed at promoting and maintaining their employees' well-being and work ability.

None of the parameters yielded a 100% support. More than 90% of the respondents supported free-time sport or recreation and organised sport and recreation events. The parameters which received the lowest support were 'surveys on stress (7, 21%) and 'programmes tailored for special needs of older employees' (9, 27%). Additional information was provided by one respondent who mentioned an Aslak®-group. Aslak® is an early-stage occupational rehabilitation form developed by the Social Insurance Institution of Finland (Kela 2002e).

**Table 5.49 Activities Related to Maintaining and Promoting Individual Well-being**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
G.P medical care services	33	28	<b>85</b>	12	<b>86</b>	16	<b>84</b>
Specialist doctor services	33	13	<b>39</b>	6	<b>43</b>	7	<b>37</b>
Regular health screenings	33	28	<b>85</b>	13	<b>93</b>	15	<b>79</b>
Training or advice related to healthy living	33	25	<b>76</b>	12	<b>86</b>	13	<b>68</b>
Programmes against alcohol or drugs abuse	33	14	<b>42</b>	6	<b>43</b>	8	<b>42</b>
Sport or recreation events	33	30	<b>91</b>	14	<b>100</b>	16	<b>84</b>
Support to free-time sport or recreation	33	32	<b>97</b>	14	<b>100</b>	18	<b>95</b>
Organising or supporting rehabilitation	33	25	<b>76</b>	11	<b>79</b>	14	<b>74</b>
Professional help to employees' mental problems	33	19	<b>58</b>	10	<b>71</b>	9	<b>47</b>
Programmes tailored for the specific needs of the older employees	33	9	<b>27</b>	3	<b>21</b>	6	<b>32</b>
Surveys on stress	33	7	<b>21</b>	5	<b>36</b>	2	<b>11</b>
Measuring work ability indices	33	17	<b>52</b>	9	<b>64</b>	8	<b>42</b>

#### **Activities related to Work Community and Work Organisation; Questionnaire Reference – Appendix G, Section 6, No 4.**

As regards activities related to work community and work organisation three respondents (9%) provided an affirmative answer to all the parameters listed in the question. These were all service sector companies. One respondent (3%), a service sector representative, provided consistently negative answers to all the listed parameters. Furthermore, as it was noted earlier, one service sector company did not organise any activities, in excess of legal requirements, which are aimed at promoting and maintaining their employees' well-being and work ability.

None of the parameters yielded a 100% support. Twenty-eight respondents (85%) have conducted surveys on the working atmosphere whereas improving internal communication (27, 82%), improving co-operative and interactive skills (25, 76%), leadership skills and procedures (24, 73%) scored high as well. Alleviating rush and time pressure at work yielded the least support, only seven respondents (21%) provided an affirmative answer to this question. One respondent who declined to tick any of the listed alternatives commented that they had plans which included some of the parameters listed in the question but the implementation of these had only just started.

**Table 5.50 Activities Related to Work Community and Organisation**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
Improving leadership skills or procedures	33	24	<b>73</b>	14	13	<b>93</b>	19	11	<b>58</b>
Improving the co-operative and interactive skills	33	25	<b>76</b>	14	11	<b>79</b>	19	14	<b>74</b>
Alleviating rush and time pressure at work	33	7	<b>21</b>	14	1	<b>7</b>	19	6	<b>32</b>
Improving the management of change and crisis	33	14	<b>42</b>	14	5	<b>36</b>	19	9	<b>47</b>
Improving internal communication	33	27	<b>82</b>	14	13	<b>93</b>	19	14	<b>74</b>
Surveys on working atmosphere	33	28	<b>85</b>	14	13	<b>93</b>	19	15	<b>79</b>

**Activities related to Work and Work Conditions; Questionnaire Reference – Appendix G, Section 6, No 4.**

With regard to work and working conditions one respondent (3%), a service sector representative provided an affirmative answer to all the parameters listed in the question. Another respondent (3%), a service sector representative as well, provided consistently negative responses to all the parameters listed. Furthermore, as it was noted earlier, one service sector company did not organise any activities, in excess of legal requirements, which are aimed at promoting and maintaining their employees' well-being and work ability.

None of the parameters received a 100% support. The parameters which scored the highest were activities related to improvement of workplace ergonomics (30, 91%) and health and safety training (24, 73%).

Improving management of threat and violence (13, 39%) and occupational health and safety system audited by third parties (7, 21%) scored the lowest. Improving management of threat and violence was far more common within the service sector than within the manufacturing sector. Occupational health and safety system audits by third parties was more often given an affirmative answer within the manufacturing sector.

**Table 5.51 Activities Related to Work and Working Conditions**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
Improving the workplace ergonomics	33	30	<b>91</b>	14	13	<b>93</b>	19	17	<b>89</b>
Improving the hygiene at work	33	20	<b>61</b>	14	10	<b>71</b>	19	10	<b>53</b>
Improving management of threat and violence	33	13	<b>39</b>	14	1	<b>7</b>	19	12	<b>63</b>
Occupational health and safety system audited by third parties	33	7	<b>21</b>	14	5	<b>36</b>	19	2	<b>11</b>
Analysing the causes of work related illnesses and accidents	33	16	<b>48</b>	14	8	<b>57</b>	19	8	<b>42</b>
Health and safety training	33	24	<b>73</b>	14	11	<b>79</b>	19	13	<b>68</b>

### **Additional Issues Mentioned by the Respondents; Questionnaire reference – Appendix G, Section 6, No. 5**

Five respondents, three manufacturing and two service sector representatives provided additional information for this question. One respondent mentioned a special programme to maintain and promote employees' work ability. Another respondent emphasised the preventive character of the activities and stressed the verb 'promote' rather than 'maintain' employees' work ability. Two respondents commented about age management. Examples of the comments were as follows:

- The company has a programme for promoting employees work ability for 2001-2003, which "means that the activities are long-term".
- The company emphasised the preventive character of the activities, the stress is on promoting the work ability of an employee rather than maintaining it. The activities are continuous and long-term.
- The company participates currently in training on age management.
- The company has established a senior club for those who are 55 or more. The ageing people are, for example, provided with an opportunity for additional leave.
- Employees with disabilities and ageing employees are transferred to other tasks, especially when the work is physically demanding.

### **5.2.8 Equal Opportunities**

#### **Codes of Practice/Plans with regard to Promoting Equal Opportunities at Work; Questionnaire Reference – Appendix G, Section 7, No. 1**

Only nine respondents (27%) stated that they have produced codes of practice or plans with regard to promoting equal opportunities at work in a written form.

**Table 5.52 Codes of Practice or Plans with regard to Promoting Equal Opportunities**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
Yes, written	33	9	<b>27</b>	14	4	<b>29</b>	19	5	<b>26</b>
Yes, unwritten	33	5	<b>15</b>	14	1	<b>7</b>	19	4	<b>21</b>
No, but included in future plans	33	4	<b>12</b>	14	1	<b>7</b>	19	3	<b>16</b>
No	33	14	<b>42</b>	14	8	<b>57</b>	19	6	<b>32</b>
Don't know	33	1	<b>3</b>	14	0	<b>0</b>	19	1	<b>5</b>

**Basis on which Discrimination is Forbidden in the Code of Practice or Plans; Questionnaire Reference – Appendix G, Section 7, No. 2**

The codes of practice or plans forbid discrimination most often on the basis of sex (8, 89%), on the basis of age (7, 78%) and on the basis of religion or belief (5, 56%). The parameter which received the lowest score was ‘on the basis of nationality’ (2, 22%). One service sector respondent declined to answer this question. Only those respondents who had codes of practice or plans in a written form are taken into account when interpreting this question.

**Table 5.53 Basis on which Discrimination is Forbidden, All Respondents**

	Yes explicitly			Yes, but more like implicitly		No		Don't know	
	n	No.	%	No.	%	No.	%	No.	%
On the basis of gender	9	8	<b>89</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
On the basis of sexual orientation	9	4	<b>44</b>	2	<b>22</b>	2	<b>22</b>	0	<b>0</b>
On the basis of age	9	7	<b>78</b>	0	<b>0</b>	1	<b>11</b>	0	<b>0</b>
On the basis of disability	9	3	<b>33</b>	1	<b>11</b>	3	<b>33</b>	0	<b>0</b>
On the basis of race or ethnic origin	9	4	<b>44</b>	2	<b>22</b>	2	<b>22</b>	0	<b>0</b>
On the basis of nationality	9	2	<b>22</b>	2	<b>22</b>	3	<b>33</b>	0	<b>0</b>
On the basis of ancestry	9	3	<b>33</b>	2	<b>22</b>	3	<b>33</b>	0	<b>0</b>
On the basis of religion or belief	9	5	<b>56</b>	1	<b>11</b>	2	<b>22</b>	0	<b>0</b>

**Table 5.54 Basis on which Discrimination is Forbidden, the Manufacturing Sector**

	Yes explicitly			Yes, but more like implicitly		No		Don't know	
	n	No.	%	No.	%	No.	%	No.	%
On the basis of gender	4	4	<b>100</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
On the basis of sexual orientation	4	2	<b>50</b>	1	<b>25</b>	1	<b>25</b>	0	<b>0</b>
On the basis of age	4	4	<b>100</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
On the basis of disability	4	2	<b>50</b>	0	<b>0</b>	1	<b>25</b>	0	<b>0</b>
On the basis of race or ethnic origin	4	3	<b>75</b>	0	<b>0</b>	1	<b>25</b>	0	<b>0</b>
On the basis of nationality	4	2	<b>50</b>	0	<b>0</b>	1	<b>25</b>	0	<b>0</b>
On the basis of ancestry	4	3	<b>75</b>	0	<b>0</b>	1	<b>25</b>	0	<b>0</b>
On the basis of religion or belief	4	3	<b>75</b>	0	<b>0</b>	1	<b>25</b>	0	<b>0</b>



**Table 5.55 Basis on which Discrimination is Forbidden, the Service Sector**

	Yes explicitly			Yes, but more like implicitly		No		Don't know	
	n	No.	%	No.	%	No.	%	No.	%
On the basis of gender	5	4	<b>80</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
On the basis of sexual orientation	5	2	<b>40</b>	1	<b>20</b>	1	<b>20</b>	0	<b>0</b>
On the basis of age	5	3	<b>60</b>	0	<b>0</b>	1	<b>20</b>	0	<b>0</b>
On the basis of disability	5	1	<b>20</b>	1	<b>20</b>	2	<b>40</b>	0	<b>0</b>
On the basis of race or ethnic origin	5	1	<b>20</b>	2	<b>40</b>	1	<b>20</b>	0	<b>0</b>
On the basis of nationality	5	0	<b>0</b>	2	<b>40</b>	2	<b>40</b>	0	<b>0</b>
On the basis of ancestry	5	0	<b>0</b>	2	<b>40</b>	2	<b>40</b>	0	<b>0</b>
On the basis of religion or belief	5	2	<b>40</b>	1	<b>20</b>	1	<b>20</b>	0	<b>0</b>

### Codes of Practice to Combat Bullying and Sexual Harassment; Questionnaire Reference – Appendix G, Section 7, No. 3.

Only four companies (12%) had codes of practice to combat bullying and six (18%) with regard to sexual harassment in a written form. Both of these were more common within the service sector than within the manufacturing sector.

**Table 5.56 Codes of Practice to Combat Bullying**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
Yes, written	33	4	<b>12</b>	14	1	<b>7</b>	19	3	<b>16</b>
Yes, unwritten	33	3	<b>9</b>	14	1	<b>7</b>	19	2	<b>11</b>
No, but included in future plans	33	6	<b>18</b>	14	3	<b>21</b>	19	3	<b>16</b>
No	33	20	<b>61</b>	14	9	<b>64</b>	19	11	<b>58</b>

**Table 5.57 Codes of Practice to Combat Sexual Harassment**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
Yes, written	33	6	<b>18</b>	14	2	<b>14</b>	19	4	<b>21</b>
Yes, unwritten	33	3	<b>9</b>	14	1	<b>7</b>	19	2	<b>11</b>
No, but included in future plans	33	5	<b>15</b>	14	2	<b>14</b>	19	3	<b>16</b>
No	33	19	<b>58</b>	14	9	<b>64</b>	19	10	<b>53</b>

### Monitoring of Certain Groups with Regard to Recruitment, Training and Promotions; Questionnaire Reference – Appendix G, Section 7, No. 4

The majority of respondents (25, 76%) decided to provide a positive response to monitoring any of the listed groups with regard to recruitment, training or promotions. Within the manufacturing sector the corresponding figure was ten (71%) and within the service sector 15 (79%). Eight (24%) respondents monitored the number of women in recruitment, training or promotions. These activities took place within the manufacturing sector at four companies (29%) and within the service sector at four companies (21%). Monitoring the number of older people was a parameter, which scored the second highest, five respondents (15%) monitoring the number of this group either in recruitment, training

or promotions. Within the manufacturing sector this group was monitored in three (21%) and within the service sector at two organisations (11%).

The number of ethnic minorities and different nationalities in recruitment was monitored only at one service sector organisation. Furthermore, people with disabilities were monitored in training at two companies.

**Table 5.58 Monitoring of Certain Groups as regards Recruitment, Training and Promotions, All Respondents**

	n	Recruitment		Training		Promotions		Don't know	
		No.	%	No.	%	No.	%	No.	%
Women	33	6	<b>18</b>	4	<b>12</b>	1	<b>3</b>	2	<b>6</b>
Older people	33	3	<b>9</b>	3	<b>9</b>	0	<b>0</b>	3	<b>9</b>
Ethnic minorities	33	1	<b>3</b>	0	<b>0</b>	0	<b>0</b>	4	<b>12</b>
Different nationalities	33	1	<b>3</b>	0	<b>0</b>	0	<b>0</b>	4	<b>12</b>
People with disabilities	33	0	<b>0</b>	2	<b>6</b>	0	<b>0</b>	3	<b>9</b>

**Table 5.59 Monitoring of Certain Groups as regards Recruitment, Training and Promotions, Manufacturing Sector**

	n	Recruitment		Training		Promotions		Don't know	
		No.	%	No.	%	No.	%	No.	%
Women	14	2	<b>14</b>	3	<b>21</b>	1	<b>7</b>	0	<b>0</b>
Older people	14	1	<b>7</b>	2	<b>14</b>	0	<b>0</b>	1	<b>7</b>
Ethnic minorities	14	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>	2	<b>14</b>
Different nationalities	14	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>	1	<b>7</b>
People with disabilities	14	0	<b>0</b>	1	<b>7</b>	0	<b>0</b>	1	<b>7</b>

**Table 5.60 Monitoring of Certain Groups as regards Recruitment, Training and Promotions, Service Sector**

	n	Recruitment		Training		Promotions		Don't know	
		No.	%	No.	%	No.	%	No.	%
Women	19	4	<b>21</b>	1	<b>5</b>	0	<b>0</b>	2	<b>11</b>
Older people	19	2	<b>11</b>	1	<b>5</b>	0	<b>0</b>	2	<b>11</b>
Ethnic minorities	19	1	<b>5</b>	0	<b>0</b>	0	<b>0</b>	2	<b>11</b>
Different nationalities	19	1	<b>5</b>	0	<b>0</b>	0	<b>0</b>	3	<b>16</b>
People with disabilities	19	0	<b>0</b>	1	<b>5</b>	0	<b>0</b>	2	<b>11</b>

### **Means Used to Promote Equal Opportunities, Questionnaire Reference – Appendix G, Section 7, No. 5.**

Only one respondent (3%), a manufacturing sector representative, provided an affirmative answer to all the parameters presented in this question. Ten respondents (30%) declined to provide an affirmative response to any of the parameters listed. Within the manufacturing sector the corresponding figures were three (21%) and within the service sector seven (37%).

The first three parameters of this question yielded low support; diversity training was organised at four organisations (12%), surveys on equality at three organisations (9%) and

targeted recruitment in order to balance gender segregation at seven (21%) organisations. The fourth parameter scored the highest; more than half (20, 61%) claiming that they have paid attention to equality in wages. With regard to targeted recruitment, only one service sector respondent specified the group targeted, in this case the company had targeted men in their recruitment process, since "the industry is dominated by females". The remaining six declined their response.

**Table 5.61 Means Used to Promote Equal Opportunities, All Respondents**

	n	Yes		No, but included in future plans		No		Don't know	
		No.	%	No.	%	No.	%	No.	%
Diversity training	33	4	<b>12</b>	2	<b>6</b>	26	<b>79</b>	0	<b>0</b>
Surveys on equality	33	3	<b>9</b>	1	<b>3</b>	27	<b>82</b>	0	<b>0</b>
Targeted recruitment	33	7	<b>21</b>	1	<b>3</b>	23	<b>70</b>	0	<b>0</b>
Attention paid to equality in wages	33	20	<b>61</b>	1	<b>3</b>	10	<b>30</b>	0	<b>0</b>

**Table 5.62 Means Used to Promote Equal Opportunities, Manufacturing Sector**

	n	Yes		No, but included in future plans		No		Don't know	
		No.	%	No.	%	No.	%	No.	%
Diversity training	14	2	<b>14</b>	1	<b>7</b>	11	<b>79</b>	0	<b>0</b>
Surveys on equality	14	1	<b>7</b>	0	<b>0</b>	12	<b>86</b>	0	<b>0</b>
Targeted recruitment	14	3	<b>21</b>	0	<b>0</b>	10	<b>71</b>	0	<b>0</b>
Attention paid to equality in wages	14	9	<b>64</b>	0	<b>0</b>	3	<b>21</b>	0	<b>0</b>

**Table 5.63 Means Used to Promote Equal Opportunities, Service Sector**

	n	Yes		No, but included in future plans		No		Don't know	
		No.	%	No.	%	No.	%	No.	%
Diversity training	19	2	<b>11</b>	1	<b>5</b>	15	<b>79</b>	0	<b>0</b>
Surveys on equality	19	2	<b>11</b>	1	<b>5</b>	15	<b>79</b>	0	<b>0</b>
Targeted recruitment	19	4	<b>21</b>	1	<b>5</b>	13	<b>68</b>	0	<b>0</b>
Attention paid to equality in wages	19	11	<b>58</b>	1	<b>5</b>	7	<b>37</b>	0	<b>0</b>

**Codes of Practice to Deal with Discrimination Cases; Questionnaire Reference – Appendix G, Section 7, No. 6**

Only three respondents (9%) claimed to have a code of practice to deal with discrimination cases and one had included this in their future plans (3%). Codes of practice were more common within the service sector, two respondents (11%) claiming to have this whereas within the manufacturing sector one respondent (7%) provided an affirmative answer to this question. Two of those three who had codes of practice to deal with discrimination cases provided further information with regard to the code:

- The equal opportunity plan describes the employees' opportunities for action in case of discrimination.

- The employer, in co-operation with the occupational health centre, is obliged to interfere as early as possible in case of discrimination. This is documented in the equal opportunities plan.

Finally, the respondent who had included this parameter in the future plans explained:

- The instructions for sexual harassment as well as for other discrimination cases are under preparation. The procedures for action come to be solved in this context as well.

**Table 5.64 Codes of Practice to Deal with Discrimination Cases**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Yes	33	3	<b>9</b>	1	<b>7</b>	2	<b>11</b>
No, but included in future plans	33	1	<b>3</b>	1	<b>7</b>	0	<b>0</b>
No	33	28	<b>85</b>	11	<b>79</b>	17	<b>89</b>
Don't know	33	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>

**Approximate Share of Women of Total Workforce; Questionnaire Reference – Appendix G, Section 7, No. 7.**

Thirty-one respondents provided this parameter. Fifteen respondents (48%) were dominated by males and further 15 (48%) by females. At one company the proportions were even.

Only three (23%) manufacturing sector respondents maintained that the share of women in the total workforce was 40% or more. However, as many as 13 (72%) service sector companies claimed that share of women within the company was 60% or more. Furthermore, as many as eight (44%) service sector companies the share of women was 70% or more. Two manufacturing sector respondents (15%) claimed that the share of women is less than ten per cent. The share of women within the manufacturing sector was the highest at one metal sector company and within a media company and the lowest in mining, metal and metal products and paper, packaging, other forest products companies. Within the service sector the share of the women was highest with regard to the retail trade companies and the lowest at a transport and forwarding company.

**Table 5.65 Approximate Share of Women of Total Workforce**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
less than 10	31	3	<b>10</b>	2	<b>15</b>	1	<b>6</b>
10-19	31	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
20-29	31	4	<b>13</b>	4	<b>31</b>	0	<b>0</b>
30-39	31	5	<b>16</b>	4	<b>31</b>	1	<b>6</b>
40-49	31	3	<b>10</b>	2	<b>15</b>	1	<b>6</b>
50-59	31	2	<b>6</b>	0	<b>0</b>	2	<b>11</b>
60-69	31	5	<b>16</b>	0	<b>0</b>	5	<b>28</b>
70-79	31	6	<b>19</b>	1	<b>8</b>	5	<b>28</b>
80-89	31	1	<b>3</b>	0	<b>0</b>	1	<b>6</b>
90-99	31	2	<b>6</b>	0	<b>0</b>	2	<b>11</b>

**Approximate Share of Women in Management; Questionnaire Reference – Appendix G, Section 7, No. 8**

Here the respondents were asked to divide their management into three groups, top management, senior management and middle management and estimate the number of women in each group. Thirty-two respondents provided the required figure for top management. As many as 16 respondents (50%) of those had no women in their top management. Within the manufacturing sector the figure was ten (71%) and within the service sector six (33%). Four respondents (12%) stated that 40% or more of the members of their top management are women. The highest figure provided was 57%.

With regard to senior management 25 respondents provided this figure. Eight respondents (32%) did not have any women in this group. Within the manufacturing sector this figure was three (23%) and within the service sector five (42%). Four respondents (16%) claimed that share of the women in senior management is 40% or more. These were all service sector respondents. The highest proportion of women in this group was 70%. Six respondents (24%) of those 25 who provided figures for both top and senior management did not have any women in either group. Two of those were manufacturing and four service sector representatives.

Twenty-nine respondents provided this parameter for middle management. Five respondents (17%) did not have any woman in middle management. Seventeen respondents (59%) maintained that the share of women in middle management was less than 20%. Eleven of these were manufacturing sector representatives and six service sector representatives. At six (19%) companies the share of women in middle management was 40% or more. The highest figure was 78%.

At all manufacturing companies the share of women in top management, senior management, middle management or management in general remained under 50%. At four service sector companies the share of women was 50% or more within one or more management groups.

With regard to women in management positions in general, only 9 respondents provided this figure. Four respondents (44%) estimated the share of women to be under 20%. These four were all manufacturing service respondents. At three companies the share of women in management positions in general was 40% or more. The highest score here was 60%.

With regard to this question six companies provided doubtfully small figures, indicating that the share of women had mistakenly been calculated either as the total amount of workforce or alternatively as the total amount of women employed by the organisation. A check-up email was sent to those respondents concerning this question. All those respondents checked their respective calculations.

**Table 5.66 Approximate Share of Women in Management, All Respondents**

	Top management			Senior management			Middle management			Management in general		
	n	No.	%	n	No.	%	n	No.	%	n	No.	%
0	32	16	<b>50</b>	25	8	<b>32</b>	29	5	<b>17</b>	9	2	<b>22</b>
1-9	32	1	<b>3</b>	25	2	<b>8</b>	29	2	<b>7</b>	9	0	<b>0</b>
10-19	32	4	<b>13</b>	25	6	<b>24</b>	29	10	<b>34</b>	9	2	<b>22</b>
20-29	32	6	<b>19</b>	25	3	<b>12</b>	29	2	<b>7</b>	9	1	<b>11</b>
30-39	32	1	<b>3</b>	25	2	<b>8</b>	29	4	<b>14</b>	9	1	<b>11</b>
40-49	32	2	<b>6</b>	25	2	<b>8</b>	29	2	<b>7</b>	9	1	<b>11</b>
50-59	32	2	<b>6</b>	25	0	<b>0</b>	29	2	<b>7</b>	9	1	<b>11</b>
60-69	32	0	<b>0</b>	25	1	<b>4</b>	29	1	<b>3</b>	9	1	<b>11</b>
70-79	32	0	<b>0</b>	25	1	<b>4</b>	29	1	<b>3</b>	9	0	<b>0</b>

**Table 5.67 Approximate Share of Women in Management, Manufacturing Sector**

	Top management			Senior management			Middle management			Management in general		
	n	No.	%	n	No.	%	n	No.	%	n	No.	%
0	14	10	<b>71</b>	13	3	<b>23</b>	13	1	<b>8</b>	3	0	<b>0</b>
1-9	14	0	<b>0</b>	13	2	<b>15</b>	13	2	<b>15</b>	3	0	<b>0</b>
10-19	14	1	<b>7</b>	13	6	<b>46</b>	13	8	<b>62</b>	3	2	<b>67</b>
20-29	14	3	<b>21</b>	13	1	<b>8</b>	13	0	<b>0</b>	3	0	<b>0</b>
30-39	14	0	<b>0</b>	13	1	<b>8</b>	13	1	<b>8</b>	3	0	<b>0</b>
40-49	14	0	<b>0</b>	13	0	<b>0</b>	13	1	<b>8</b>	3	1	<b>33</b>
50-59	14	0	<b>0</b>	13	0	<b>0</b>	13	0	<b>0</b>	3	0	<b>0</b>
60-69	14	0	<b>0</b>	13	0	<b>0</b>	13	0	<b>0</b>	3	0	<b>0</b>
70-79	14	0	<b>0</b>	13	0	<b>0</b>	13	0	<b>0</b>	3	0	<b>0</b>

**Table 5.68 Approximate Share of Women in Management, Service Sector**

	Top management			Senior management			Middle management			Management in general		
	n	No.	%	n	No.	%	n	No.	%	n	No.	%
0	18	6	<b>33</b>	12	5	<b>42</b>	16	4	<b>25</b>	6	2	<b>33</b>
1-9	18	1	<b>6</b>	12	0	<b>0</b>	16	0	<b>0</b>	6	0	<b>0</b>
10-19	18	3	<b>17</b>	12	0	<b>0</b>	16	2	<b>13</b>	6	0	<b>0</b>
20-29	18	3	<b>17</b>	12	2	<b>17</b>	16	2	<b>13</b>	6	1	<b>17</b>
30-39	18	1	<b>6</b>	12	1	<b>8</b>	16	3	<b>19</b>	6	1	<b>17</b>
40-49	18	2	<b>11</b>	12	2	<b>17</b>	16	1	<b>6</b>	6	0	<b>0</b>
50-59	18	2	<b>11</b>	12	0	<b>0</b>	16	2	<b>13</b>	6	1	<b>17</b>
60-69	18	0	<b>0</b>	12	1	<b>8</b>	16	1	<b>6</b>	6	1	<b>17</b>
70-79	18	0	<b>0</b>	12	1	<b>8</b>	16	1	<b>6</b>	6	0	<b>0</b>

**Approximate Share of Foreigners of the Workforce – Appendix G, Section 8, and No. 9**

Eighteen respondents (55%) stated that they had foreigners working for their organisation in Finland. Within the manufacturing sector this figure was eight (57%) and within the service sector ten (53%).

Furthermore, as many as nine (27%), explained foreigners working for their company account for 1% or less. At two companies (6%) the number of foreigners were 4% or more.

**Table 5.69 Approximate Share of Foreigners of the Workforce**

	All			Manufacturing		Services	
	n	No.	%	No.	%	No.	%
No foreigners	33	15	<b>45</b>	6	<b>43</b>	9	<b>47</b>
1 or less	33	9	<b>27</b>	4	<b>29</b>	5	<b>26</b>
2-3	33	7	<b>21</b>	3	<b>21</b>	4	<b>21</b>
4-5	33	2	<b>6</b>	1	<b>7</b>	1	<b>5</b>
6	33	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
Yes, but don't know the number	33	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>

**Additional Issues Mentioned by the Respondents; Questionnaire Reference – Appendix G– Section 7, No. 10.**

Three respondents, two service sector and one manufacturing sector representative provided additional information with regard to the matter. One respondent (3%), a service sector representative, commented that equality has not been a problem at the company. However, a brief review revealed that there were no women in top management or senior management of this company even if the share of the women of the workforce was as high as 75%. The examples of additional issues mentioned were as follows:

- The company prepares currently an equal opportunity plan in co-operation with employees.

- The company has directions for equal opportunities, otherwise the company follows the existing legislation.
- The company has not experienced any problems with regard to equal opportunities

### **5.2.9 Work-life Balance**

#### **Flexibility in Working Hours; Questionnaire Reference – Appendix G, Section 8, No.1**

As many as 17 respondents (52%) stated that their company has, in general, adopted the principle of being flexible with regard to child care needs of employees. A further 13 stated that the flexibility depends on the immediate supervisor and two that there are not many possibilities for flexibility.

Thirteen respondents (39%) had adopted the principle of being flexible with regard to employees' needs to look after their sick next-of-kin. A further 15 respondents maintained that the flexibility depends on the immediate supervisor and the remaining four stated that there are not many possibilities for flexibility.

The respondents, in general, did not show much willingness to be flexible in working hours with regard to employees' hobbies or voluntary work. Only six (18%) stated that the company has, in general, adopted the principle of being flexible with regard to employees' hobbies. Nine regarded this to be a matter between the supervisor and the employee and 17 maintained that there were not many possibilities for flexibility.

Only five respondents (15%) stated that the company has adopted a principle of being flexible with regard to employees' voluntary work. A further nine maintained that the flexibility in working hours depends on the supervisor and as many as 16 stated that there are not many possibilities for this kind of flexibility. One of those who ticked the 'don't know' alternative commented that "nobody has ever asked".



**Table 5.70 Flexibility in Working Hours, All Respondents**

	The company has adapted the principle of flexibility			In accordance with supervisor		Not much possibilities		Don't know	
	n	No.	%	No.	%	No.	%	No.	%
Child care needs of the employees	33	17	<b>52</b>	13	<b>39</b>	2	<b>6</b>	0	<b>0</b>
Needs of the employees to look after their sick next-of-kin	33	13	<b>39</b>	15	<b>45</b>	4	<b>12</b>	0	<b>0</b>
Hobbies of the employees	33	6	<b>18</b>	9	<b>27</b>	17	<b>52</b>	1	<b>3</b>
Voluntary work of the employees	33	5	<b>15</b>	9	<b>27</b>	16	<b>48</b>	3	<b>9</b>

**Table 5.71 Flexibility in Working Hours, Manufacturing Sector**

	The company has adapted the principle of being flexible			In accordance with supervisor		Not much possibilities		Don't know	
	n	No.	%	No.	%	No.	%	No.	%
Child care needs of the employees	14	8	<b>57</b>	6	<b>43</b>	0	<b>0</b>	0	<b>0</b>
Needs of the employees to look after their sick next-of-kin	14	5	<b>36</b>	8	<b>57</b>	1	<b>7</b>	0	<b>0</b>
Hobbies of the employees	14	3	<b>21</b>	5	<b>36</b>	6	<b>43</b>	0	<b>0</b>
Voluntary work of the employees	14	3	<b>21</b>	6	<b>43</b>	5	<b>36</b>	0	<b>0</b>

**Table 5.72 Flexibility in Working Hours, Service Sector**

	The company has adapted the principle of being flexible			In accordance with supervisor		Not much possibilities		Don't know	
	n	No.	%	No.	%	No.	%	No.	%
Child care needs of the employees	19	9	<b>47</b>	7	<b>37</b>	2	<b>11</b>	0	<b>0</b>
Needs of the employees to look after their sick next-of-kin	19	8	<b>42</b>	7	<b>37</b>	3	<b>16</b>	0	<b>0</b>
Hobbies of the employees	19	3	<b>16</b>	4	<b>21</b>	11	<b>58</b>	1	<b>5</b>
Voluntary work of the employees	19	2	<b>11</b>	3	<b>16</b>	11	<b>58</b>	3	<b>16</b>

Three respondents (9%) provided consistently positive responses to the parameters listed in this question. Within the manufacturing sector the figure was two (14%) and within the service sector one (5%). Two respondents (6%), both service sector representatives provided consistently negative answers to all the parameters listed.

**Flexibility in Working Times or Career Breaks in Order to Promote Work-life Balance; Questionnaire Reference – Appendix G, Section 8, No. 2.**

With regard to flexible working time and career breaks for employees to be able to better balance their family and private commitments, the parameter yielding here the highest score was a part-time pension with all respondents providing an affirmative answer to this. Flexitime had been applied at 27 companies (82%) and 24 respondents (73%) provided their employees an opportunity for a job-alternation leave. The possibility for part-time work, in excess to legislative requirements, existed at 16 (48%) companies. Part-time work was more commonly available as an alternative within the service sector, as many as 11 (58%) respondents giving an affirmative answer whereas within the manufacturing sector this figure was five (36%). It should be noted that three service sector representatives did not tick this alternative, although the question in section 5, No. 1 shows that the number of part-time employees is high at these companies. These companies were typically retail trade sector companies. This indicates that a part-time contract is more akin a necessity than an opportunity within this sector.

Opportunity for teleworking existed at nine (27%) companies. One of these commented that it was applied, however, more akin to "accidentally". The lowest support was received by time-banking (5, 15%) compressed workweek (4, 12%) and 6+6 shifts which yielded no affirmative responses. One respondent provided an additional parameter, this being study leave based on the Study Leave Act (1979/273).

**Table 5.73 Flexible Working Times or Career Breaks**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Flexitime	33	27	<b>82</b>	14	<b>100</b>	13	<b>68</b>
Teleworking	33	9	<b>27</b>	5	<b>36</b>	4	<b>21</b>
Job alternation leave	33	24	<b>73</b>	11	<b>79</b>	13	<b>68</b>
Time banking	33	5	<b>15</b>	3	<b>21</b>	2	<b>11</b>
Sabbatical	33	9	<b>27</b>	5	<b>36</b>	4	<b>21</b>
Part-time pension	33	33	<b>100</b>	14	<b>100</b>	19	<b>100</b>
Compressed week	33	4	<b>12</b>	2	<b>14</b>	2	<b>11</b>
Part-time	33	16	<b>48</b>	5	<b>36</b>	11	<b>58</b>
6+6 shifts	33	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>

**Means Used to Promote Work-life Balance; Questionnaire Reference – Appendix G, Section 8, No. 3**

None of the respondents claimed to have organised free or subsidised child-care for employees' children. Daycare for employees' sick children was currently provided by three organisations (9%) and a further two (6%) had included this in their future plans. One

respondent referred to the ethical side of the matter and commented that "the very last thing to do is to provide a complete stranger to take care of somebody's sick children".

Better maternity or paternal leave advantages than stipulated in law and collective agreement were offered by four (12%) respondents. Nine respondents (27%) claimed to have encouraged men to use their family leave options. Supplementary training for those returning from family leave was organised at six organisations (18%) and surveys on implementation of work-life balance at four (12%) organisations.

As many as 17 respondents (52%) declined to provided a positive response to any of the parameters listed. Within the manufacturing sector this figure was eight (57%) and within the service sector nine (47%).

**Table 5.74 Means Used to Promote Work-life Balance, All Respondents**

	n	Yes			No, but included in future plans		No		Don't know	
		No.	%	No.	%	No.	%	No.	%	
Free or subsidised child care	33	0	<b>0</b>	0	<b>0</b>	33	<b>100</b>	0	<b>0</b>	
Daycare for employees sick children	33	3	<b>9</b>	2	<b>6</b>	28	<b>85</b>	0	<b>0</b>	
Better maternity or paternal leave advantages than in law and collective agreements	33	4	<b>12</b>	0	<b>0</b>	29	<b>88</b>	0	<b>0</b>	
Encouragement for men to use their family leave options	33	9	<b>27</b>	1	<b>3</b>	21	<b>64</b>	2	<b>6</b>	
Supplementary training for those returning from family leave	33	6	<b>18</b>	1	<b>3</b>	26	<b>79</b>	0	<b>0</b>	
Surveys on implementation of work-life balance	33	4	<b>12</b>	4	<b>12</b>	24	<b>73</b>	1	<b>3</b>	

**Table 5.75 Means Used to Promote Work-life Balance, Manufacturing Sector**

	n	Yes			No, but included in future plans		No		Don't know	
		No.	%	No.	%	No.	%	No.	%	
Free or subsidised child care	14	0	<b>0</b>	0	<b>0</b>	14	<b>100</b>	0	<b>0</b>	
Daycare for employees sick children	14	0	<b>0</b>	1	<b>7</b>	13	<b>93</b>	0	<b>0</b>	
Better maternity or paternal leave advantages than in law and collective agreements	14	0	<b>0</b>	0	<b>0</b>	14	<b>100</b>	0	<b>0</b>	
Encouragement for men to use their family leave options	14	4	<b>29</b>	1	<b>7</b>	9	<b>64</b>	0	<b>0</b>	
Supplementary training for those returning from family leave	14	2	<b>14</b>	0	<b>0</b>	12	<b>86</b>	0	<b>0</b>	
Surveys on implementation of work-life balance	14	2	<b>14</b>	2	<b>14</b>	10	<b>71</b>	0	<b>0</b>	

**Table 5.76 Means Used to Promote Work-life Balance, Service Sector**

	Yes			No, but included in future plans		No		Don't know	
	n	No.	%	No.	%	No.	%	No.	%
Free or subsidised child care	19	0	<b>0</b>	0	<b>0</b>	19	<b>100</b>	0	<b>0</b>
Daycare for employees sick children	19	3	<b>16</b>	1	<b>5</b>	15	<b>79</b>	0	<b>0</b>
Better maternity or paternal leave advantages than in law and collective agreements	19	4	<b>21</b>	0	<b>0</b>	15	<b>79</b>	0	<b>0</b>
Encouragement for men to use their family leave options	19	5	<b>26</b>	0	<b>0</b>	12	<b>63</b>	2	<b>11</b>
Supplementary training for those returning from family leave	19	4	<b>21</b>	1	<b>5</b>	14	<b>74</b>	0	<b>0</b>
Surveys on implementation of work-life balance	19	2	<b>11</b>	2	<b>11</b>	14	<b>74</b>	1	<b>5</b>

#### **Additional Issues Mentioned by the Respondents; Questionnaire Reference – Appendix G, Section 8, No. 4**

Only three respondents, one manufacturing and two service sector representatives provided additional information with regard to work-life balance. The examples of these were as follows:

- The benefits for key personnel include cleaning services and the company currently negotiates on providing childcare for employees' sick children.
- The company's personnel has used their options for study leave. It also has been possible to employees to change a full-time contract to a part-time one, even if the whole job description has had to be changed and this change has had an impact on other employees' tasks as well.
- The company does not currently provide concierge services, but presents an opinion that since concierge services are a problem to many employees such services would benefit many.

#### **5.2.10 Employment Policy and Groups Experiencing Difficulties in the Labour Markets**

##### **Increase or Decrease in the Number of Personnel; Questionnaire Reference – Appendix G, Section 9, No. 2**

As many as 18 respondents (55%) had increased their personnel and only two (6%) had decreased their personnel in 2000. The service sector scored higher than the manufacturing

sector with regard to increasing personnel. Only two manufacturing sector companies had decreased their personnel.

**Table 5.77 Decrease or Increase in Number of Personnel**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Increased	33	18	<b>55</b>	5	<b>36</b>	13	<b>68</b>
Replaced wastage	33	11	<b>33</b>	5	<b>36</b>	6	<b>32</b>
Decreased	33	2	<b>6</b>	2	<b>14</b>	0	<b>0</b>

Two respondents (13%) of those who had increased their personnel, and provided the figure, stated that the number has increased more than 10%. The highest score here was 29% increase in personnel. The highest scores within the manufacturing sector were gained by an electronics company and within the service sector by a business service company. Two of those who had increased the number of their personnel, declined to provide the figure requested.

**Table 5.78 Increase in Number of Personnel**

	All			Manufacturing			Services		
	n	No.	%	n	No.	%	n	No.	%
0.5-2%	16	3	<b>19</b>	4	0	<b>0</b>	12	3	<b>25</b>
3-4%	16	3	<b>19</b>	4	1	<b>25</b>	12	2	<b>17</b>
5-10%	16	8	<b>50</b>	4	2	<b>50</b>	12	6	<b>50</b>
11-15%	16	0	<b>0</b>	4	0	<b>0</b>	12	0	<b>0</b>
16-20%	16	1	<b>6</b>	4	1	<b>25</b>	12	0	<b>0</b>
>20%	16	1	<b>6</b>	4	0	<b>0</b>	12	1	<b>8</b>

The decreases of personnel remained minor. Of those two manufacturing respondents who had decreased their personnel one stated that the decrease had been approximately 1% and the other that it had been approximately 2%.

**Targeted Recruitment; Questionnaire Reference – Appendix G, Section 9, No. 2.**

University and college leavers were by far the most popular group with regard to targeted recruitment (23, 70%). Only two respondents (6%) have targeted the long-term unemployed. As few as four respondents (12%) have targeted older people in their recruitment. Only four respondents (12%) have targeted immigrants or ethnic minorities. Three respondents (9%) have targeted disabled people in their recruitment process. Finally, two respondents (6%) stated that they have targeted the low-skilled people in their recruitment.

One respondent, a manufacturing sector company had targeted ‘to some extent’ all the groups listed. This company had increased its personnel in 2000 by 8%. Another respondent, a service sector representative had targeted ‘to some extent’, apart from university and college leavers, four other groups these being the long-term unemployed, ageing people, people with disabilities as well as the low-skilled. Furthermore, this respondent had included targeted recruitment of immigrants or ethnic minorities into its future plans. This company had also increased its personnel in 2000 by 10% and had had no redundancies in 1999-2001.

As many as 27 (82%) declined to provide a positive response with regard to targeted recruitment of the long-term unemployed, older people, immigrants/ethnic minorities and the low skilled. Within the manufacturing sector this figure was 12 (86%) and within the service sector 15 (79%). Targeted recruitment was considered as active most often with regard to university or college leavers.

**Table 5.79 Targeted Recruitment, All Respondents**

	n	Yes actively		Yes to some extent		Included in future plans		No		Don't know	
		No.	%	No.	%	No.	%	No.	%	No.	%
University and college leavers	33	4	<b>12</b>	19	<b>58</b>	0	<b>0</b>	10	<b>30</b>	0	<b>0</b>
Long-term unemployed	33	0	<b>0</b>	2	<b>6</b>	0	<b>0</b>	29	<b>88</b>	0	<b>0</b>
Older people	33	1	<b>3</b>	3	<b>9</b>	0	<b>0</b>	28	<b>85</b>	0	<b>0</b>
Immigrants/ethnic minorities	33	0	<b>0</b>	4	<b>12</b>	1	<b>3</b>	27	<b>82</b>	0	<b>0</b>
People with disabilities	33	0	<b>0</b>	3	<b>9</b>	0	<b>0</b>	29	<b>88</b>	0	<b>0</b>
Low-skilled	33	0	<b>0</b>	2	<b>6</b>	0	<b>0</b>	30	<b>91</b>	0	<b>0</b>

**Table 5.80 Targeted Recruitment, Manufacturing Sector**

	n	Yes actively		Yes to some extent		Included in future plans		No		Don't know	
		No.	%	No.	%	No.	%	No.	%	No.	%
University and college leavers	14	2	<b>14</b>	7	<b>50</b>	0	<b>0</b>	5	<b>36</b>	0	<b>0</b>
Long-term unemployed	14	0	<b>0</b>	1	<b>7</b>	0	<b>0</b>	13	<b>93</b>	0	<b>0</b>
Older people	14	0	<b>0</b>	1	<b>7</b>	0	<b>0</b>	13	<b>93</b>	0	<b>0</b>
Immigrants/ethnic minorities	14	0	<b>0</b>	2	<b>14</b>	0	<b>0</b>	12	<b>86</b>	0	<b>0</b>
People with disabilities	14	0	<b>0</b>	1	<b>7</b>	0	<b>0</b>	13	<b>93</b>	0	<b>0</b>
Low-skilled	14	0	<b>0</b>	1	<b>7</b>	0	<b>0</b>	13	<b>93</b>	0	<b>0</b>

**Table 5.81 Targeted Recruitment, Service Sector**

	n	Yes actively		Yes to some extent		Included in future plans		No		Don't know	
		No.	%	No.	%	No.	%	No.	%	No.	%
University and college leavers	19	2	11	12	63	0	0	5	26	0	0
Long-term unemployed	19	0	0	1	5	0	0	16	84	0	0
Older people	19	1	5	2	11	0	0	15	79	0	0
Immigrants/ethnic minorities	19	0	0	2	11	1	5	15	79	0	0
People with disabilities	19	0	0	2	11	0	0	16	84	0	0
Low-skilled	19	0	0	1	5	0	0	17	89	0	0

**Principles or Guidelines with Regard to Employment of People with Disabilities; Questionnaire Reference – Appendix G, Section 9, No. 3a**

None of the respondents had defined principles or guidelines with regard to employing people with disabilities from outside of the company. One manufacturing company stated that the company had defined principles or guidelines with regard to employees who had got disabilities when having an employment contract with the company. As stated by the respondent: "Each individual case is gone through with the occupational health centre and decisions concerning future measures, such as training, transfer to new tasks or changes in current tasks or facilities needed, are made."

Three respondents, two service sector and one manufacturing sector representatives stated that they had included the guidelines into their future plans. Only one of those, a service sector respondent provided further information explaining that the need for this has arisen since "along with the company growth we have had to face situations in which an employee's work ability has decreased". The remaining two did not specify what kind of guidelines were included in future plans. Of those two the service sector respondent had also ticked 'to some extent' with regard to targeted recruitment of people with disabilities (see question No. 2). Furthermore, the information provided by this respondent to the questions 3c), 3d) and 3e) revealed that the company had provided employment opportunities for mentally handicapped. Consequently, it is therefore likely that the guidelines under preparation concerned providing employment opportunities to people with disabilities outside of the company.

**People with Disabilities Currently Employed; Questionnaire Reference – Appendix G, Section 9, No. 3b**

Fifteen respondents (45%) stated that they had people with disabilities working for their organisation. This figure was higher (9, 64%) within the manufacturing sector than within the service sector (6, 32%).

**Table 5.82 The Companies which Currently Employ People with Disabilities**

	n	Yes		No		Don't know	
		No.	%	No.	%	No.	%
All	33	15	<b>45</b>	17	<b>52</b>	1	<b>3</b>
Manufacturing	14	9	<b>64</b>	5	<b>36</b>	0	<b>0</b>
Services	19	6	<b>32</b>	12	<b>63</b>	1	<b>5</b>

Three of those 15 which currently employed people with disabilities stated that the number of this group is not monitored. Two respondents declined to provide any answer. Consequently, only ten respondents provided an estimate with regard to the number of people with disabilities working for their organisation. At all those ten organisations, this number was estimated to be 1% or less.

**Details Related to the People with Disabilities Employed by the Company; Questionnaire Reference – Appendix G, Section 10. No. 3c) 3d) and 3e)**

Seven respondents (21%) of all 33 participants, stated that they had recruited people with disabilities from outside of the company. Within the manufacturing sector this figure was three (21%) and within the service sector four (21%). All the four service sector companies were representatives of wholesale and retail trade industry. Common to majority of these responses was recruitment of people with mental problems, four referring to mentally handicapped. Examples of these are as follows:

- The company has one or two new recruits with a regular contract as well as one with a fixed term contract. The type of disabilities are schizophrenia, slowness of comprehension and motion handicapness. An effort is made to adjust the task in accordance with an employee.
- The company has one or two mentally handicapped new recruits. At the beginning some support has been received. These employees are in need of guidance and support as well as a clear job description. They are working in tasks related to real estate maintenance.
- The company has some new recruits with disabilities. In general, no support has been received.
- The company has employed three people with problems related to mental health. The employment contracts are both on regular and on fixed term basis. No support has been received.
- The company has new mentally handicapped recruits in assisting tasks.
- The company has five mentally handicapped new recruits, partly subsidised and in assisting tasks.



- The company has recruited three or four employees with disabilities for messenger and caretaker tasks.

Seven (21%) respondents explained that employees with disabilities working for their company were mostly those who had got disabilities when having an employment contract with the company. The corresponding figures within the manufacturing sector was six (43%) and within the service sector one (5%). In general, reference was made to rehabilitation and, in case the employee is not capable to perform his/her previous tasks, retraining and transfer to new tasks. Examples of those were as follows:

- The company employs approximately six people with disabilities. Those employees are aurally handicapped or having slight mental problems. They are working in productional tasks. These employees are all with an old employment contract and no subsidisies have been received.
- The company has aurally handicapped employees in productional duties.
- The company has employees who have problems with locomotor system. Efforts to rehabilitate has been made and tasks are adjusted in accordance with an employee.
- The company has an employee with disabilities in a part-time task. The employee has defects in locomotor system.
- People with disabilities are transferred to the new tasks.
- The company tailors the tasks of an employees with disabilities. Currently there is one employee whose capability to move has been decreased and he/she is working from home and receives a part-time pension.

**Companies who have Employed or Offered Training Opportunities for the Unemployed, Immigrants or the Low-skilled – Questionnaire Reference, Appendix G, Section 9, No. 4**

Nine companies (27%) provided information for this question. One of those was a manufacturing sector company and the remaining eight were service sector companies. The most often mentioned group here was immigrants (7, 21%) and the unemployed (5, 15%).

**Table 5.83 Companies who have Employed or Offered Training Opportunities for the Unemployed, Immigrants or Others**

	n	All		Manufacturing		Service	
		No.	%	No.	%	No.	%
Unemployed	33	5	<b>15</b>	1	<b>7</b>	4	<b>21</b>
Ageing	33	1	<b>3</b>	1	<b>7</b>	0	<b>0</b>
Immigrants	33	7	<b>21</b>	1	<b>7</b>	6	<b>32</b>
Training for those adaptable	33	1	<b>3</b>	0	<b>0</b>	1	<b>5</b>

Five respondents (15%) had either employed unemployed people and received employment support from labour administration, offered training opportunities for the unemployed or employed unemployed people through a job alternation leave. One respondent also specified the ageing unemployed. One of those five was a manufacturing company and remaining four service sector companies. The examples of these were as follows:

- The company has employed long-term unemployed people, ageing people and women. Some of those have come in through normal recruitment and for some the company has received employment support. The co-operation with the employment service agency has been open and straight.
- The company has offered training opportunities for those coming from training courses for unemployed organised by labour administration.
- The company has taken in unemployed people through job-alternation leave. There has been, however, only few of these.
- The company has employed unemployed people through different projects, the contracts have generally lasted from one to six months.
- The company has employed long-term unemployed people through employment service agencies, normally for a period of two weeks up to six months. Sometimes those contracts have been subsidised.

One respondent (3%) did not specify any group but stated that they offer training opportunities for those who are adaptable to customer services.

Seven respondents (21%) had either employed immigrants or offered them training opportunities. The examples of these are as follows:

- Some immigrants have been employed by the company. Those immigrants, however, already had a good command of the Finnish language.
- The company has employed immigrants through various projects, normally for a period of one to six months.
- The company has offered training for immigrants through employment service agency and a language course has been organised as well. The training normally lasts from two weeks up to six months. Sometimes those employees had had a paid work subsidised by the employment authorities.
- The company has offered a job for one foreigner who has a regular employment contract.
- The company has taken immigrants to its vocational courses for new recruits.
- The company has organised training for people of Finnish origins returning from Russia. These returners are coming from vocational training courses.

**Additional Issues Mentioned by Respondents; Questionnaire Reference – Appendix G, Section 9, No. 5**

Three respondents, one manufacturing and two service sector representatives provided additional information with regard to recruitment. One of these, a manufacturing sector respondent, emphasised the role of social responsibility in recruitment even if there are currently an excess supply of applicants. The examples are as follows:

- "So far there has been an excess supply of applicants. Despite this we had been willing to carry social and human responsibility and provide opportunities for those, who experience difficulties to find employment."
- "We do not discriminate against any group, but we always choose the best applicant."
- "Our company is growing quickly and we need new employees. We find those from trainees or seasonal assistants or through recruitment."
- "We recruit the best possible employees regardless of their age or sex."

## 5.2.11 Reporting and Measuring the Progress

### Public Reporting with regard to Personnel or HR Management Policies – Questionnaire Reference - Appendix G, Section 10, No.1

As many as 20 respondents (61%) reported publicly about their personnel or HR management policies. The remaining 13 (39%), five manufacturing sector respondents (36%) and eight service sector respondents (42%) did not report by using any of the listed means. Ten of those had not even included this in their future plans. All three quoted companies provided an affirmative answer to reporting as part of the annual report. All 20 who reported publicly about their personnel/HR resource policies used a hard copy report and at least the annual report for disclosure. None of the companies reported as part of a society or sustainability report whereas three (9%) used a separate personnel report for reporting and seven (21%) used the company website. An additional issue mentioned here was a personnel report for internal use.

**Table 5.84 Means Used to Report Publicly about Personnel or HR Policies, All Respondents**

	Yes			No, but included in future plans		No		Don't know	
	n	No.	%	No.	%	No.	%	No.	%
As part of the annual report	33	19	<b>58</b>	3	<b>9</b>	11	<b>33</b>	0	<b>0</b>
As part of a society/sustainability report	33	0	<b>0</b>	6	<b>18</b>	22	<b>67</b>	1	<b>3</b>
In a separate personnel report	33	3	<b>9</b>	4	<b>12</b>	23	<b>70</b>	0	<b>0</b>
In a company website	33	7	<b>21</b>	4	<b>12</b>	18	<b>55</b>	0	<b>0</b>

**Table 5.85 Means Used to Report Publicly about Personnel or HR Policies, Manufacturing Sector**

	Yes			No, but included in future plans		No		Don't know	
	n	No.	%	No.	%	No.	%	No.	%
As part of the annual report	14	9	<b>64</b>	2	<b>14</b>	3	<b>21</b>	0	<b>0</b>
As part of a society/sustainability report	14	0	<b>0</b>	2	<b>14</b>	9	<b>64</b>	0	<b>0</b>
In a separate personnel report	14	0	<b>0</b>	2	<b>14</b>	10	<b>71</b>	0	<b>0</b>
In a company website	14	1	<b>7</b>	4	<b>29</b>	6	<b>43</b>	0	<b>0</b>

**Table 5.86 Means Used to Report Publicly about Personnel or HR Policies, Service Sector**

	Yes			No, but included in future plans		No		Don't know	
	n	No.	%	No.	%	No.	%	No.	%
As part of the annual report	19	10	<b>53</b>	1	<b>5</b>	8	<b>42</b>	0	<b>0</b>
As part of a society/sustainability report	19	0	<b>0</b>	4	<b>21</b>	13	<b>68</b>	1	<b>5</b>
In a separate personnel report	19	3	<b>16</b>	2	<b>11</b>	13	<b>68</b>	0	<b>0</b>
In a company website	19	6	<b>32</b>	0	<b>0</b>	12	<b>63</b>	0	<b>0</b>

**Consultation of Employees with regard to Reporting; Questionnaire Reference – Appendix G, Section 10, No. 2**

Thirteen respondents (65%) of those 20 who reported on their employee affairs consulted employees with regard to the matter. This happened more often within the service sector with eight respondents providing an affirmative answer (73%) whereas within the manufacturing sector the corresponding figure was five (56%). Only two respondents stated that they consult their employees ‘actively’.

**Table 5.87 Consultation of Employees**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Yes, actively	20	2	<b>10</b>	1	<b>11</b>	1	<b>9</b>
Yes, to some extent	20	11	<b>55</b>	4	<b>44</b>	7	<b>64</b>
No	20	5	<b>25</b>	3	<b>0</b>	2	<b>18</b>
Don't know	20	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>

**Reasons and Target Groups for Reporting; Questionnaire Reference – Appendix G, Section 10, No. 3 and 4**

Only 12 (52%) of those 23 who reported or had included this in their future plans specified any target groups for reporting. The most important target group for reporting mentioned was the company’s own staff (5, 22%), stakeholders and potential future employees taking the second and third place. Own staff was especially important to the manufacturing sector, three (27%) respondents mentioning this, whereas within the service sector stakeholders (3, 25%) and potential future employees (3, 25%) yielded the highest support.

**Table 5.88 Target Groups for Reporting**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Own staff	23	5	<b>22</b>	3	<b>27</b>	2	<b>17</b>
Stakeholders	23	4	<b>17</b>	1	<b>9</b>	3	<b>25</b>
Potential future employees	23	3	<b>13</b>	0	<b>0</b>	3	<b>25</b>
Customers	23	1	<b>4</b>	0	<b>0</b>	1	<b>8</b>
Financial sources	23	1	<b>4</b>	1	<b>9</b>	0	<b>0</b>
Wide public	23	1	<b>4</b>	1	<b>9</b>	0	<b>0</b>
Owners	23	1	<b>4</b>	0	<b>0</b>	1	<b>8</b>

Only eight respondents provided reasons for reporting. The most important reason for reporting were the company’s image as an employer (3, 13%) and openness (3, 13%). Other reasons mentioned, but not quoted in the table were "the willingness to explain that our employees are taken care of", and more general "willingness to inform the general public about developments and focus areas".

**Table 5.89 Reasons for Reporting**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Employer image	23	3	<b>13</b>	0	<b>0</b>	3	<b>25</b>
Openness	23	3	<b>13</b>	0	<b>0</b>	3	<b>25</b>
Importance of personnel	23	2	<b>9</b>	2	<b>18</b>	0	<b>0</b>
Company image	23	1	<b>4</b>	0	<b>0</b>	1	<b>8</b>

One of those three who did not report currently but had included this in the future plans explained that "we are currently planning content for a personnel account, but this remains still unaccomplished".

The examples of the comments of those ten who did not currently report on their activities and are not even planning to do so are presented below. Two additional companies, which provided earlier an affirmative answer to the reporting, ended up justifying why they are not reporting. Four companies referred to the irrelevance of the reporting for a private or more specifically for a family owned company.

- "The tools for reporting are not ready yet".
- "Reporting has no relevance for the external image of a family owned company."
- "Reporting is a brand new issue and models for it are still under development ."
- Company does not "as a private company" see reporting as necessary. In the future, however, the aim is to provide more information to company's own personnel.
- "A private company has no need for public reporting corresponding with a public one."
- "A personnel report is a tool for company's interior guidance and planning."
- The company reports very shortly as part of its annual report. The disclosure consists of some basic figures. This has been considered to be enough, at least so far. However, "let's see what the future brings with it".
- "Personnel is naturally important for a company's operations, but why report on it?"

- The company's public image has developed to be one of a "family owned company". Therefore company does not feel that it should divert from this, even though it is currently quoted.

### **Measuring Personnel/HR Management Policies – Questionnaire Reference - Appendix G, Section 10, No. 5**

Nine respondents (27%) specified interior measurements and six (18%) external benchmarking surveys.

**Table 5.90 Measuring Personnel/HR Management Policies**

	n	All		Manufacturing		Services	
		No	%	No.	%	No.	%
Interior measurements	33	9	<b>27</b>	4	<b>29</b>	5	<b>26</b>
External benchmarking	33	6	<b>18</b>	3	<b>21</b>	3	<b>16</b>

Examples of interior measurements were as follows:

- job satisfaction, atmosphere or personnel surveys,
- follow-up of absence rates,
- accident rates,
- as a part of quality assessment,
- Malcolm Baldrige (quality) assessment.
- internal service survey,
- customer satisfaction survey.

And of external benchmarking:

- The company receives information about practices of others by visiting other companies or through training.
- Sector specific benchmarking within a co-operation group

It should be noted that by looking at the previous questions concerning internal attitude or atmosphere surveys (see Section 4, No. 1 and Section 6, No. 4) as many as 30 (91%) made internal surveys in the form of attitude/job motivations surveys or atmosphere surveys. Only three service sector respondents declined to provide an affirmative answer to one or two of these parameters.

**Standards of Equivalents Including Indicators related to Personnel/HR Management-  
Questionnaire Reference – Appendix G, Section 10, No. 5.**

Three respondents stated that they had received a quality certificate which includes indicators related to personnel/HR management. Environmental certificate and a certified safety management system was mentioned by one respondent. One respondent stated "no, but one is coming soon" without specifying which certificate was in question. Only manufacturing sector respondents provided affirmative answers to this question.

**Table 5.91 Certificates of Equivalents Received by Companies**

	n	All		Manufacturing		Services	
		No.	%	No.	%	No.	%
Quality certificate	33	3	<b>9</b>	3	<b>21</b>	0	<b>0</b>
Environmental certificate	33	1	<b>3</b>	1	<b>3</b>	0	<b>0</b>
Safety certificate	33	1	<b>3</b>	1	<b>3</b>	0	<b>0</b>

**Awards of Acceptance to an Ethical Fund – Questionnaire reference – Appendix G,  
Section 10, No. 7.**

Three respondents (9%), two manufacturing sector and one service sector respondent mentioned awards. The examples of these were as follows:

- Ministry of Labour good employers' award,
- Ministry of Education honourable mention as an apprenticeship trainer,
- An award for S-group co-operatives for the work ability programme which currently goes on.

**5.2.12 Comments**

**Questionnaire Reference – Appendix G, Section 11**

Four respondents one manufacturing sector and three service sector representatives provided additional comments. Examples of these are as follows:

- "Due to the rapid growth of the company measures and procedures in use have not been written down and after a forthcoming development project they shall be better on the paper."
- "With regard to some questions a face-to-face discussion could have provided more information."
- "The questionnaire is unreasonably long, those who are busy are happy to leave it unanswered."



- "The questionnaire contained useful information with regard to social responsibility."

**CHAPTER 6**  
**CONTENT ANALYSIS OF**  
**CORPORATE PUBLIC**  
**DISCLOSURE**

## 6.1 INTRODUCTION

This chapter aims to explore how Finnish major companies are reporting on their HRM policies. The analysis covers corporate annual reports and accounts, personnel reports and CSR reports published in a hard copy form and publicly distributed by the respective company.

The technique of content analysis has been widely used in determining the extent and nature of corporate social reporting (see for example Tinker and Neimark 1987, Guthrie and Parker 1990, Adams et al. 1995, Adams and Harte 1999, Gray et al. 1995a and 1995b). As defined by Krippendorff (1980) content analysis is a systematic, objective, and quantitative method for studying communication messages and developing inferences concerning the relationship between messages and their environment. In order the research design to be objective, it has to be context sensitive. Therefore, an informed awareness of related background matters should suggest a classificatory system rather than 'subjective, off-the-top-of-the-head feelings of the analysts' (Carney 1972). For more the researcher knows about the subject, about the written materials, and finally about content analysis itself, the better the investigation.

Furthermore, if replicated by another researcher, the analysis should yield the same results (see for example Carney 1972, Krippendorff 1980, Gray et al. 1995b, Hacston and Milne 1996). Therefore operational definitions and rules for classification of variables should be explicit and comprehensive enough that other researchers who repeat the process will arrive at the same decisions and same results.

Content analysis can take many forms with differing levels of complexity. Within the context of this thesis, main purpose of content analysis is to establish the extent to which companies report on qualitative and quantitative indicators established on the basis of literature review (see Chapters 2 and 3). A similar approach has been taken, for example, by the Ernst and Ernst studies (1976) and Farrel and Cobbin (1996), both being effectively a count of the number of instances of a particular event, a particular CSR disclosure. Such an approach has also been the basis for Tonkin and Skerratt's (1991) 'A Survey of UK Reporting practice'.

## **6.2 METHODOLOGY**

### **6.2.1 Target Population**

The companies whose reports are selected for content analysis are the same as those 205 to which the survey was addressed (see section 4.2.1 Chapter 4). This focus on the largest companies offers a better prospect of finding disclosures, since research suggests that quality of corporate social disclosure is linked to firm size (see Cowen et al. 1987, Gray et al. 1993, 1995b, Adams et al. 1998). Furthermore, Gray et al. (1995b) suggest that a sample of large companies is more likely to demonstrate examples of CSR, and in particular innovative examples, than an equivalent sample of medium or small companies.

### **6.2.2 Unit of Analysis**

Companies use a variety of media to divulge information including, inter alia, interim reports, newspaper announcements and advertisements, special mailings and meetings (Adams et al. 1995). As noted by Adams et al. (1995), however, a complete survey of all information divulged by companies is impractical and it is therefore necessary to limit the types of disclosures considered in any survey covering a large number of companies.

The interview and postal survey indicated that the primary source for reporting on personnel affairs were company annual reports (see section 4.3.11 Chapter 4 and section 5.2.11 Chapter 5). The annual report is often seen as a major channel for corporate communication (see for example, Neimark 1992, Hines 1998, Gray et al. 1995a and 1995b and Adams et al. 1995 and 1998). According to Burchell et al. (1980) the corporate annual report is influential in shaping what is important in society. It is seen as a significant source of accountability with regular and wide distribution, where management has the opportunity to include comment on important or problematic issues as it sees fit (Neimark 1992). For reason of comparison, the companies were asked to send their personnel and CSR reports, or equivalent, if produced for public distribution. The number of these, however, remained low.

The year 2000 was selected as the target year in order to gain consistency with questions in the survey focusing on the participants' most recent reports (see section 4.3.11 Chapter 4, section 5.2.11 Chapter 5). Furthermore, the decision to choose the year 2000 as a target

year excluded the possibility of the interview and the postal survey having had an impact on a company's disclosures.

The companies were asked to send their reports both in Finnish and in English. The Finnish versions have been used as the basis for analysis, whereas the main function of the English ones has been to support translation and for quotations. Whenever there was a discrepancy between those two languages, the Finnish one has been referred to. As an exception to this rule, four companies each having less than 1,500 employees on their payroll, sent their annual report only in English. Furthermore, three companies sent their reports only in Swedish. As noted in Appendix E (Finnish country presentation) Swedish is the second official language of Finland.

### **6.2.3 Classification of Themes**

The criteria for assessment is established on the basis of the same documents which were used for the formulation of the specific questions for the survey (see section 4.2.5 Chapter 4). More attention, however, is paid to the quantitative performance indicators presented by the CSR Europe (see Tables 2.8 and 2.10 Chapter 2) and the Business Impact Task Force (see Table 2.12 Chapter 2). It should be noted that the survey focused on HRM within Finland, whereas here, some reports, especially those of most international corporations have a larger scope in their reports.

In order to take into account the additional indicators, the themes are slightly altered. Employee financial participation and incentive schemes have been separated from the theme 'participation and staff involvement' and a new category for 'pay and benefits' has been established. This new theme takes into account the information provided by the companies on wages as well as other benefits and rewards. Attention is paid also to the openness of the disclosure e.g. to the company rewards to the management; a theme, which has recently been paid particular attention in Finland (see section 3.6.2 Chapter 3). The theme 'pay and benefits', however, excludes disclosures made in compliance with the Finnish Accounting Ordinance (1997/1339) (section 3.4.11 Chapter 3). Furthermore, the theme 'measurement of policies' covers, in addition to internal and external surveys and benchmarking, standards, awards and ethical funds, also staff turnover rates and length of the employment contract, since these are regarded as indicators measuring the company HRM policies as a whole. Themes and their definitions are presented in Table 6.1

**Table 6.1 Content Analysis Themes**





## 6.3 CONTENT ANALYSIS OF CORPORATE ANNUAL REPORTS

### 6.3.1 Details of Participants

As many as 160 companies (78%) out of 205 sent their annual report. Nineteen (12%) of those 160, all non-quoted companies, sent an annual report which did not include full financial accounts but in most cases a summary of it or only the key financial indicators. Ten of those were co-operatives and eight belonged to the group 'other limited companies'. The remaining one was a government owned company.

All 71 quoted companies as well as those 17 owned by the government/municipality sent their reports. Table 6.2 shows that quoted companies, government/municipality owned companies as well as group 'co-operatives/mutual society/association' are overrepresented in the sample if compared with the target population, whereas 'other limited companies' are underrepresented.

**Table 6.2 Reports by Ownership of the Company**

	Number of reports	% sample	% of population
Quoted	71	<b>44</b>	35
Co-op/mutual society/association	30	<b>19</b>	17
Government/municipality	17	<b>11</b>	8
Other limited company	42	<b>26</b>	40
All	160	<b>100</b>	100

Table 6.3 shows the reports in accordance with the number of employees on the payroll. Companies employing more than 1,500 are slightly overrepresented in the sample and correspondingly the smaller ones underrepresented. This is, because 95% (75 companies) of those having more than 1,500 employees on the payroll sent their report whereas the

corresponding figure for the smaller ones was only 67% (85 companies). Sixty-three reports (39%) documented the number of employees outside of Finland or gave a breakdown of employees by country.

**Table 6.3 Reports by Number of Employees on the Payroll**

	Number of reports	% of sample	% of population
>10, 000	18	<b>11</b>	9
5,000-10,000	16	<b>10</b>	8
1,500-4,999	41	<b>26</b>	22
1,000-1,499	14	<b>9</b>	10
500-999	43	<b>27</b>	29
<500	28	<b>18</b>	22
All	160	<b>100</b>	100

Of those 160 who sent a report, 92 (58%) were representatives of the manufacturing sector and the remaining 68 (42%) are representatives of the service sector. With regard to the whole population, the respective figures are 108 (53%) for manufacturing and 97 (47%) for services. Table 6.4 presents the participating companies in relation to their more specific industry.

**Table 6.4 Reports in Accordance with Specific Industry**

	Number of Reports	% of sample	% of population
Business Services	5	<b>3</b>	<b>3</b>
Chemicals and plastics	7	<b>4</b>	<b>4</b>
Construction/ materials	5	<b>3</b>	<b>4</b>
Consumer services	5	<b>3</b>	<b>2</b>
Electronics	8	<b>5</b>	<b>5</b>
Energy	8	<b>5</b>	<b>4</b>
Financial services	16	<b>10</b>	<b>8</b>
Food, drinks	16	<b>10</b>	<b>7</b>
Furniture/textiles	5	<b>3</b>	<b>3</b>
Media	7	<b>4</b>	<b>4</b>
Mining, metals, metal products	18	<b>11</b>	<b>10</b>
Multisector	17	<b>11</b>	<b>10</b>
Paper, packaging, other forest products	5	<b>3</b>	<b>4</b>
Telecom services	3	<b>2</b>	<b>1</b>
Transport and forwarding	8	<b>5</b>	<b>5</b>
Wholesale and retail trade	27	<b>17</b>	<b>24</b>
All	160	<b>100</b>	<b>100</b>

### 6.3.2 Details of Non-participants

As many as 45 companies (22%) of all 205 targeted declined to send their published annual report. Ownership of those companies was traced by exploring their respective web-sites. Table 6.5 shows that as many as 41 (49%) of those 83 ‘other limited companies’ did not send their report. In addition, four of those belonging to the group ‘co-

operatives/mutual society/association, declined to send a report. All 71 quoted companies as well as 17 state/municipality owned companies sent their reports.

**Table 6.5 Missing Reports in Accordance with Ownership**

	n	number of missing reports	%
Quoted	71	0	<b>0</b>
Co-op/mutual society/association	34	4	<b>12</b>
Government/municipality	17	0	<b>0</b>
Other limited company	83	41	<b>49</b>
All	205	45	<b>22</b>

With regard to the number of employees on the company's payroll, all companies employing 5,000 or more sent their reports. The rate for declined participation was highest within the group which had less than 500 employees on the payroll, with as many as 18 (39%) declining to send their reports. Table 6.6 shows the missing reports in accordance with ownership and number of employees. All 'other limited companies' and those belonging to the group co-operatives/mutual society/association employing more than 5,000 sent a report. The biggest loss was within the group 'other limited companies' employing less than 500. Within this group as many as 17 (68%) declined to send a report.

**Table 6.6 Missing Reports by Ownership and Number of Employees**

	All			Other limited companies			Co-op/mutual society/association		
	n	No.	%	n	No.	%	n	No.	%
>10,000	18	0	<b>0</b>	0	0	<b>0</b>	1	0	<b>0</b>
5,000-10,000	16	0	<b>0</b>	3	0	<b>0</b>	1	0	<b>0</b>
1,500-4,999	45	4	<b>9</b>	17	4	<b>24</b>	6	0	<b>0</b>
1,000-1,499	21	7	<b>33</b>	10	6	<b>60</b>	4	1	<b>25</b>
500-999	59	16	<b>27</b>	28	14	<b>50</b>	15	2	<b>13</b>
<500	46	18	<b>39</b>	25	17	<b>68</b>	7	1	<b>14</b>
All	205	45	<b>22</b>	83	41	<b>49</b>	34	4	<b>12</b>

As many as 16 (15%) manufacturing companies and 29 (30%) of service companies declined to send their report. With regard to more specific industries the highest scores for missing reports were within the group 'other limited companies' for electronics, wholesale and retail trade, paper, packaging, other forest products, construction/materials and transport and forwarding. Companies declining to send their reports, which replied to the email requests, generally referred to their status as a 'private' or 'family-owned' company and stated that they therefore do not produce the reports in question for public distribution.



**Table 6.7 Missing Reports by Specific Sector and Ownership**

	All			Other limited companies			Co-op/mutual society/association		
	n	No.	%	n	No.	%	n	No.	%
Business Services	6	1	<b>17</b>	3	1	<b>33</b>	0	0	<b>0</b>
Chemicals and plastics	8	1	<b>13</b>	2	1	<b>50</b>	0	0	<b>0</b>
Construction /materials	9	4	<b>44</b>	6	4	<b>67</b>	0	0	<b>0</b>
Consumer services	5	0	<b>0</b>	1	0	<b>0</b>	2	0	<b>0</b>
Electronics	11	3	<b>27</b>	3	3	<b>100</b>	0	0	<b>0</b>
Energy	8	0	<b>0</b>	1	0	<b>0</b>	0	0	<b>0</b>
Financial services	17	1	<b>6</b>	3	0	<b>0</b>	8	1	<b>13</b>
Food, drinks	16	0	<b>0</b>	6	0	<b>0</b>	2	0	<b>0</b>
Paper, packaging, other forest products	8	3	<b>38</b>	4	3	<b>75</b>	1	0	<b>0</b>
Furniture and textiles	6	1	<b>17</b>	4	1	<b>25</b>	0	0	<b>0</b>
Media	8	1	<b>13</b>	4	1	<b>25</b>	0	0	<b>0</b>
Mining, metals, metal products	20	2	<b>10</b>	7	2	<b>29</b>	0	0	<b>0</b>
Multisector	21	4	<b>19</b>	12	4	<b>33</b>	0	0	<b>0</b>
Telecom services	3	0	<b>0</b>	0	0	<b>0</b>	0	0	<b>0</b>
Transport and forwarding	11	3	<b>27</b>	5	3	<b>60</b>	0	0	<b>0</b>
Wholesale and retail trade	48	21	<b>44</b>	22	18	<b>82</b>	21	3	<b>14</b>
All	205	45	<b>22</b>	83	41	<b>49</b>	34	4	<b>12</b>

### 6.3.3 Special Section Devoted to Employees

More than half of the companies (84, 53%) had devoted a special section to personnel matters. This figure excludes sections presented as a sub-title to Board of Directors' report. The personnel section was more common within the larger companies (44, 59%) than the smaller ones (40, 47%). Furthermore, a personnel section was more common within the service sector (39, 57%) than within the manufacturing sector (45, 49%). Table 6.8 shows that personnel chapter was most common within the government/municipality owned companies. Second and third place was taken by the group 'co-op/mutual society/association' and quoted companies in respective order. The 'other limited companies' most seldom devoted special section for employees.

**Table 6.8 Number of Companies Devoting a Special Section for Employees**

	All			>1500			<1500		
	n	No.	%	n	No.	%	n	No.	%
Quoted	71	39	<b>55</b>	46	30	<b>65</b>	25	9	<b>36</b>
Government/municipality owned	17	14	<b>82</b>	5	4	<b>80</b>	12	10	<b>83</b>
Co-op/mutual society/association	30	23	<b>77</b>	8	7	<b>88</b>	22	16	<b>73</b>
Other limited companies	42	8	<b>19</b>	16	3	<b>19</b>	26	5	<b>19</b>
All	160	84	<b>53</b>	75	44	<b>59</b>	85	40	<b>47</b>

### 6.3.4 Reporting by Themes

The most reported themes were 'training and staff development' (127, 79%), 'pay and benefits' (109, 68%), 'participation and staff involvement' (108, 68%), 'values and

principles' (106, 66%) and 'employee well-being and activities related to work ability' (98, 61%). In addition to these, support to 'measurement of policies' scored over 50%. As shown in Table 6.9 the lowest score was yielded by 'work-life balance' (7, 4%). Additional theme disclosed by the majority of companies was 'thanks to personnel' (128, 80%).

The larger companies scored higher with regard to the majority of the themes (8 out of 11), with the exceptions being 'training and staff development', 'security in employment' and 'work-life balance' where the smaller ones scored higher. The services scored higher than manufacturing in 8 out of 11 themes with the exceptions being 'main principles/objectives for HRM', 'training and staff development' and 'employment policy'.

All the themes were disclosed by two companies (Fortum, Ilmarinen). Forty-six companies (29%) documented 8 or more themes listed in Table 6.9. Sixty-one (38%) companies disclosed less than five themes. Eight companies (5%) reported none of the themes.

**Table 6.9 Disclosures by Themes**

	All n=160		M n=92		S n=68		>1500 n=75		<1500 n=85	
	No.	%	No.	%	No.	%	No.	%	No.	%
Values, principles	106	<b>66</b>	60	<b>65</b>	46	<b>68</b>	59	<b>79</b>	47	<b>55</b>
Main principles/objectives for HRM	31	<b>19</b>	22	<b>24</b>	9	<b>13</b>	19	<b>25</b>	12	<b>14</b>
Training and staff development	127	<b>79</b>	76	<b>83</b>	51	<b>75</b>	59	<b>79</b>	68	<b>80</b>
Participation and staff involvement	108	<b>68</b>	57	<b>62</b>	51	<b>75</b>	57	<b>76</b>	51	<b>60</b>
Pays, benefits	109	<b>68</b>	59	<b>64</b>	50	<b>74</b>	57	<b>76</b>	52	<b>61</b>
Security in employment	61	<b>38</b>	22	<b>24</b>	39	<b>57</b>	25	<b>33</b>	36	<b>42</b>
Employee well-being and activities related to work ability	98	<b>61</b>	52	<b>57</b>	46	<b>68</b>	48	<b>64</b>	50	<b>59</b>
Equal opportunities	55	<b>34</b>	27	<b>29</b>	28	<b>41</b>	34	<b>45</b>	21	<b>25</b>
Work-life balance	7	<b>4</b>	2	<b>2</b>	5	<b>7</b>	2	<b>3</b>	5	<b>6</b>
Employment policy	79	<b>49</b>	48	<b>52</b>	31	<b>46</b>	38	<b>51</b>	41	<b>48</b>
Measurement of policies	88	<b>55</b>	49	<b>53</b>	39	<b>57</b>	47	<b>63</b>	41	<b>48</b>

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Median value of the number of disclosed themes was the highest (7 out of 11) for government/municipality owned companies and for the group 'co-op/mutual society/association and lowest for 'other limited companies' (4 out of 11).

**Table 6.10 Disclosures of Themes by Ownership**

	<b>Median</b>	Maximum	Minimum
Government/municipality owned	<b>7</b>	9	3
Co-op/mutual society/association	<b>7</b>	11	1
Quoted	<b>6</b>	11	0
Other limited company	<b>4</b>	9	0

Median value for most of the industries varied between 6 to 8 disclosed themes, only electronics, construction/materials, food and drinks and multisector falling behind.

**Table 6.11 Disclosure of Themes by Industry**

	<b>Median</b>	Maximum	Minimum
Financial services	<b>8</b>	11	1
Business, consumer and telecom services	<b>7</b>	9	3
Chemicals and plastics	<b>7</b>	8	1
Energy	<b>7</b>	11	5
Paper, packaging, other forest products	<b>7</b>	8	4
Furniture/textiles	<b>7</b>	8	3
Media	<b>7</b>	10	3
Mining, metal and metal products	<b>6</b>	10	1
Transport and forwarding	<b>6</b>	9	2
Wholesale and retail trade	<b>6</b>	9	0
Electronics	<b>5</b>	8	2
Multisector	<b>5</b>	10	0
Food and drinks	<b>4</b>	10	0
Construction/materials	<b>2</b>	8	0

### 6.3.5 Values and Principles

As many as 63 (39%) reported their values whereas reporting a mission (42, 26%) and a vision (28, 18%) was less common. Twelve companies (8%) provided all three. Four companies referred to staff participation in the preparation process of values. Only Kemira referred to staff participation in the preparation process of the corporate vision. Three companies (2%) reported ethical principles. Only Nokia's disclosure covered parameters related to personnel affairs. An example of this was as follows:

"On human rights, we believe in freedom from any discrimination based on race, colour, sex, language, religion, political or other opinion and national or social origin."

Furthermore, two larger companies, Kesko and UPM-Kymmene, referred to corporate ethical principles. More general references to ethics, social responsibility or sustainability were made by 15 (9%), 27 (17%) and 26 (16%) companies respectively. All the indicators listed in Table 6.12 were disclosed more often by larger companies and by the service sector companies. OKObank Group Central Co-op disclosed all the four indicators. Twenty-two (21%) of those 106 who disclosed the theme and 76 (48%) of all 160 companies did not disclose any of the listed indicators.

With regard to Table 6.12 values, a vision, a mission and ethical/CSR principles are included only if the report had a full statement/summary of the respective parameter, e.g.

disclosures containing only a reference were excluded. Values, a vision, a mission, and ethical/SR principles are accepted regardless of whether they referred to HRM or not.

**Table 6.12 Disclosed Indicators Related to Values and Principles**

	All n=160		M n=92		S n=68		>1500 n=75		<1500 n=85	
	No.	%	No.	%	No.	%	No.	%	No.	%
Values	63	<b>39</b>	36	<b>39</b>	27	<b>40</b>	38	<b>51</b>	25	<b>29</b>
Vision	28	<b>18</b>	16	<b>17</b>	12	<b>18</b>	18	<b>24</b>	10	<b>12</b>
Mission	42	<b>26</b>	20	<b>22</b>	22	<b>32</b>	23	<b>31</b>	19	<b>22</b>
Ethical/SR principles	3	<b>2</b>	1	<b>1</b>	2	<b>3</b>	2	<b>3</b>	1	<b>1</b>

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### 6.3.6 Training and Staff Development

‘Training and staff development’ was the most reported theme. The support for all indicators presented in Table 6.13, however, remained low. The highest score was yielded by ‘training aimed at achieving formal qualifications’ (42, 26%) followed by ‘development discussions’ (38, 24%). A typical example of the disclosure was as follows (Stora Enso):

"In 2000 ten major Stora Enso training programmes at Group level were organised, seven as in-house programmes and three as consortium programmes with other companies. In all, some 500 employees participated in these programmes. The in-house management development programmes place emphasis on Stora Enso Excellence 2005, intercultural relations, change enablement and the importance of acting in accordance with the company’s mission, vision and values."

With regard to those 18 (11%) who disclosed information on competence appraisals, only Fennia specified that they cover all personnel, Kuusakoski stated that they cover supervisors and the remaining 16 did not specify any group. Seven (24%) of those 38 who provided a disclosure concerning development discussions specified that they cover all the personnel, whereas three targeted either supervisors or only clerical staff. The remaining 28 did not disclose any information concerning who the discussions covered. Of those 13 (8%) who referred to personal development plans three documented that they do this for all personnel, two for supervisors and the remaining eight did not specify any target group.

The larger companies scored higher with regard to the most of the indicators (9 out of 14), exceptions being ‘principle of life-long/continuous learning’ and ‘perception measures’. ‘Employability of an employee’, ‘measures to integrate low skilled’ and ‘share of employees participating in training initiatives’ yielded no incidents. The service sector

yielded the higher scores with regard to each performance indicator, the exceptions being ‘share of employees participating in training initiatives’, which yielded no incidents.

Only 21 companies (13%) disclosed an indicator concerning cost of training. Table 6.13 shows those disclosures, which had been provided for the whole group or for individual group companies/business units. Disclosures took, however, several forms and levels:

- Costs of training as such (15). Of those, Engel disclosed separately wages and salaries spent when in training. A further three specified, however, that wages and salaries when in training are not included. The remaining 11 did not indicate whether wages and salaries were included or not.
- Average cost of training per person (3)
- Proportion of annual wages and salaries spent on training (4)
- Proportion of turnover spent on training (1).

In addition, two companies did not provide the indicator for the whole group but were content to break it down to smaller units. Finally, three companies specified that the figure covers only the costs of external training.

Only 21 companies (13%) disclosed time spent on training. This figure was provided either as total days spent on training (6), as training days per employee (17) or as total hours spent on training (1). In addition, Engel did not provide the indicator for the group as a whole but broke figure down by business units.

While the number of employees participating in a specific training course or programme was provided by a number of companies, there was a lack of more comprehensive indicators enabling meaningful comparison between companies. Two companies, Orion and Finnvera, which came closest to that, produced a percentage figure of employees participating in internal training. Few companies disclosed perception measures and none of these were in a quantitative form. An additional indicator reported by 19 companies (12%), was a break down of the employees by educational level.

The highest score reached was 7 out of 14 indicators disclosed by five companies. Twenty-nine companies (23%) of those 127 who documented the theme or 62 (39%) of all 160 companies did not provide any of the indicators listed in Table 6.13. Furthermore, as many

as 96 (76%) of those 127 who disclosed the theme or 129 (81%) of all 160 companies did not produce any of the listed quantitative performance indicators.

**Table 6.13 Disclosed Indicators Related to Training and Staff Development**

	All n=160		M n=92		S n=68		>1500 n=75		<1500 n=85	
	No.	%	No.	%	No.	%	No.	%	No.	%
<b>Principles</b>										
Life-long learning/continuous learning	34	21	23	25	11	16	15	20	19	22
Employability of an employee	0	0	0	0	0	0	0	0	0	0
<b>Process indicators</b>										
Initial training	30	19	12	13	18	26	15	20	15	18
Measures to integrate low-skilled	0	0	0	0	0	0	0	0	0	0
Competence appraisals	18	11	12	13	6	9	13	17	5	6
Development discussions	38	24	24	26	14	21	23	31	15	18
Personal development plans	13	8	8	9	5	7	7	9	6	7
Job rotation	23	14	16	17	7	10	18	24	5	6
Training aiming at achieving formal qualifications	42	26	22	24	20	29	22	29	20	24
Support for employees' studies on their own accord	11	7	6	7	5	7	6	8	5	6
<b>Performance indicators</b>										
Cost of training	21	13	10	11	11	16	12	16	9	11
Time spent for training (days/hours)	21	13	10	11	11	16	11	15	10	12
% of employees participating in training initiatives	0	0	0	0	0	0	0	0	0	0
Perception measures	8	5	3	3	5	7	3	4	5	6

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### 6.3.7 Participation and Staff Involvement

The majority of companies (108, 68%) referred to participation and staff involvement. However, support for all indicators listed in Table 6.14 remained low. ‘Representation of personnel in company’s administration’ scored the highest, yielding 44 (28%) incidents. The larger companies scored higher than smaller ones with regard to 9 out of 18 indicators. The smaller companies scored higher with regard to ‘personnel newsletter’, ‘trade unions and collective agreements’, ‘informing personnel about company’s strategy’ and ‘perception measures’. None of the companies referred to ‘immediate supervisor as communication channel’, ‘email to the managing director’, ‘anonymous complaint points’, ‘informing personnel about the financial performance of the company’ or ‘ratio of recognised trade unions to existing trade unions’. An example of relatively comprehensive disclosure is as follows (Otava, translation by the author of the thesis):

“...The consultative committees of the group companies had their first common co-determination day. The procedures of the group level co-determination, which had been agreed between personnel and the employer in accordance with the Co-operation Act, were discussed during the day. This concerns both legal and voluntary procedures.

Responsible supervisors from different group companies participated in a group day, in which they discussed current affairs of the group and listened to a lecture on value-based leadership.

The internal communication of the group has been increased but every group company took, however, still care of its own day to day communication. In addition to the traditional tools of communications, also tools such as internal Intranet channel are in use. Kaiku, the personnel magazine of the Yhtyneet Kuvalehdet was published three times and Otava's and Otava's printing house's common newsletter twice."

The only quantitative performance indicator yielding support was days/losses related to industrial action disclosed by four manufacturing companies. Outokumpu and UPM-Kymmene disclosed this in the form of days lost for industrial action, Stora Enso as lost sales and lost operating profit, and Sunila as tonnes of production lost. Perception measures disclosed were all in a qualitative form.

The highest score was 7 out of 18 indicators reached by Ilmarinen. Five companies (5%) of those 108 who provided a disclosure over this theme or 57 (36%) of all 160 companies did not disclose information of any of the indicators listed in Table 6.14. Furthermore, as many as 104 (96%) of those 108 who disclosed the theme or 156 (98%) of all 160 companies did not disclose any of the quantitative performance indicators.

**Table 6.14 Disclosed Indicators Related to Participation and Staff Involvement**

	All n=160		M n=92		S n=68		>1500 n=75		<1500 n=85	
	No.	%	No.	%	No.	%	No.	%	No.	%
<b>Principle</b>										
Principle of open/two way communication	17	11	9	10	8	12	10	13	7	8
<b>Processes</b>										
Immediate supervisor as a communication channel	0	0	0	0	0	0	0	0	0	0
Intranet	12	8	8	9	4	6	10	13	2	2
Email to the managing director	0	0	0	0	0	0	0	0	0	0
Anonymous complaint points	0	0	0	0	0	0	0	0	0	0
Personnel guide	4	3	2	2	2	3	3	4	1	1
Personnel newsletter	6	4	4	4	2	3	2	3	4	5
Suggestion scheme	15	9	12	13	3	4	8	11	7	8
Co-operative body	25	16	20	22	5	7	17	23	8	9
Work-force meetings	10	6	5	5	5	7	5	7	5	6
Trade-unions, collective agreements	24	15	6	7	18	26	10	13	14	16
Informing personnel about strategy	3	2	3	3	0	0	0	0	3	4
Informing personnel about financial performance	0	0	0	0	0	0	0	0	0	0
Teams	38	24	21	23	17	25	20	27	18	21
Representation of personnel in company administration	44	28	19	21	25	37	22	29	22	26
<b>Performance indicators</b>										
Number of days/losses related to industrial action	4	3	4	4	0	0	3	4	1	1
Ratio of recognised trade unions to existing trade unions	0	0	0	0	0	0	0	0	0	0
Perception measures	11	7	3	3	8	12	4	5	7	8

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### 6.3.8 Pay and Benefits

The theme 'pay and benefits' (109, 68%) was generally reported by the companies. Incentive schemes, such as result or performance-based pay, scored the highest, with 70 (44%) companies documenting this. This figure excludes option schemes, which were referred to by 58 companies (36%). Of the 71 quoted companies as many as 56 (79%) documented the indicator. In addition, two further companies referred to the scheme, in these cases either the parent company was not quoted but one of subsidiaries, or the company intends to get quoted on the Helsinki stock exchange. Of those who specified to whom the scheme was addressed, 34 companies referred exclusively to option schemes covering management and/or key personnel whereas 23 reported on wider cover than this. Thirty-six companies (23%) documented shares and options of individual managers. Of those 71 quoted on the Helsinki stock exchange 35 (49%) documented the indicator. Furthermore, one company whose subsidiary, but not the parent company, is quoted reported on this indicator.

The larger companies scored higher with the majority of the disclosed indicators (5 out of 9). With regard to the perception measures the scores were even. Three quantitative performance indicators yielded no incidents. Manufacturing sector scored higher with regard to four indicators. Scores were even with 'perception measures' and three indicators did not yield any incidents. Perception measures were reported by OKObank Group Central Co-op and Savo Energiaholding, these were, however, in a qualitative form.

The highest score was 4 out of 9 listed indicators reached by 5 companies. Fifteen (14%) of those 109 who reported the theme or 66 (41%) of all 160 companies did not disclose any of the indicators listed in Table 6.15. None of the companies reported any quantitative performance indicators.



**Table 6.15 Disclosed Indicators Related to Pay and Benefits**

	All n=160		M n=92		S n=68		>1500 n=75		<1500 n=85	
	No.	%	No.	%	No.	%	No.	%	No.	%
<b>Principles</b>										
Just, equal pay	3	2	2	2	1	1	2	3	1	1
<b>Process indicators</b>										
Option schemes	58	36	41	45	17	25	42	56	16	19
Personnel fund	8	5	4	4	4	6	6	8	2	2
Incentive schemes (results, performance etc)	70	44	41	45	29	43	41	55	29	34
Shares and options owned by managers	36	23	29	32	7	10	30	40	6	7
<b>Performance indicators</b>										
Average wage	0	0	0	0	0	0	0	0	0	0
Spread of wages	0	0	0	0	0	0	0	0	0	0
Pay and conditions compared against local equivalent averages	0	0	0	0	0	0	0	0	0	0
Perception measures	2	1	1	1	1	1	1	1	1	1

M=Manufacturing S= Services

### 6.3.9 Security in Employment

Reporting on security in employment yielded support of 61 (38%) companies. Five out of 10 indicators yielded more support within the service sector exceptions being 'reductions in workforce' in which the manufacturing sector outperformed the service sector, and the 'number of internal rotations' in which the scores were even. The larger companies scored higher with regard to five disclosed indicators. 'Professional support for redundant employees', 'breakdown by temporary employees' and 'perception measures' yielded no support.

Twenty-one companies (13%) documented their reductions in workforce. This was more common within the manufacturing sector than within the service sector. While a number of companies referred to number of employees reduced, only two companies (1%) provided explicitly the number of their employees made redundant. Only one of those, VR Group referred to a particular site/subsidiary in this respect. The tone of the disclosure was generally evasive and reference was made to adaptation, needs for cost-efficiency, rationalisation and reorganisation. An example of those is as follows (KCI Konecranes):

"504 persons joined KCI Konecranes during the year as a result of growth and acquisitions, 155 persons on the other hand left the company mainly due to rationalisation."

and:

"As a result of the increase in production efficiency, the production process has been rationalised. We have been able to phase out wire-rope-hoist production completely at two of our plants, and we have scaled down once more, realising substantial cost savings. We regret that those measures have necessitated certain

redundancies. On the other hand, employment in front line sales and service activities are increasing."

Only six companies (4%) reported on proactive measures to avoid redundancies. The means documented were early retirement (4), transfer to a new task (3), natural wastage (3) and layoffs (2). None of the companies mentioned professional support for redundant employees. Two companies (1%), Fortum and Tapiola, provided the number of internal rotations. In both cases these disclosures were not related to redundancies. An example of proactive measures was as follows (Alma Media):

"In cases where redundancies were inevitable, the company made every effort to soften the impact of redundancy by relocating the personnel elsewhere in the Group, offering retraining, or arranging various retirement or partial retirement schemes."

Atypical employment contracts were referred to by 36 (23%) companies. Those disclosures were most common within the service sector 30 (44%) reporting on those compared to manufacturing sector where only 6 (7%) disclosed information on atypical contracts. Within the smaller companies 24 (28%) referred to atypical contracts whereas the corresponding figure for larger companies was 12 (16%).

Break down by the number of part-time/full time employees (27, 17%) was the indicator, which scored the highest. Two companies did not provide the number of part-timers for the group as a whole but for each business unit or major group companies. It should be noted that 14 (52%) of those 27 reporting on part-time contracts were retail trade companies.

The disclosures related to the treatment of employees with atypical contract were rare. HOK, a larger retail trade company stated that the high number of part-timers and high turnover rates has to be taken into account when planning training and staff development. There was, however, no specification as to how this is to be done. A larger food and drinks company, Hartwall, documented the conditions in which employees with fixed term contracts are included in the company's personnel fund.

The highest score was 4 out of 10 listed indicators reached by a larger service sector company, Finnish Post. Three (5%) of those 61 who provided a disclosure on theme or 102 (64%) of all 160 companies, did not disclose any of the listed indicators.

**Table 6.16 Disclosed Indicators Related to Security in Employment**

	All n=160		M n=92		S n=68		>1500 n=75		<1500 n=85	
	No.	%	No.	%	No.	%	No.	%	No.	%
<b>Principles</b>										
Long, secure contracts	9	6	2	2	7	10	5	7	4	5
<b>Process indicators</b>										
Reductions in workforce for economic or reasons related to production	21	13	15	16	6	9	11	15	10	12
Proactive measures to avoid redundancies	6	4	3	3	3	4	4	5	2	2
Professional support for redundant employees	0	0	0	0	0	0	0	0	0	0
<b>Performance indicators</b>										
Break down by part-time/full-time	27	17	2	2	25	37	8	11	19	22
Break down by fixed term/regular	16	10	4	4	12	18	4	5	12	14
Break down by other temporary employees	0	0	0	0	0	0	0	0	0	0
Number of redundancies/dismissals	2	1	0	0	2	3	2	3	0	0
Number of internal rotations	2	1	1	1	1	1	2	3	0	0
Perception measures	0	0	0	0	0	0	0	0	0	0

M=Manufacturing S=Services

### 6.3.10 Employee Well-being and Work Ability

Employee well-being and work ability was one of the most popular themes disclosed (98, 61%). This theme is divided into three parts, individual well-being, working community and organisation and working conditions (see Figure 3.6, Chapter 3). An example of disclosure which refers to different aspects of employee well-being is as follows (Orion):

"For continuous maintenance of the employees' working ability, the Group objective is to create a healthy and productive working community, as well as to encourage the individuals to take personal responsibility for their well-being. The activities focus on maintaining the individual's physical, psychological and social working ability, as well as on the working environment and the functioning of the working community."

The indicator which yielded the highest support with regard to individual well-being was 'support for sport or recreation' (36, 23%). This was reported more often within smaller companies and within the service sector. Examples mentioned varied from fitness exercises, jogging, gyms, winter swimming, stick walking, badminton to holiday cabins (Elanto):

"About 2000 Elanto employees made use of the sports and swimming agreement organised by the hobby and recreation committee. In addition, the committee supported the activities of clubs and the joint pursuits of employees by footing the bill of bowling rink rentals, series tickets for pesäpallo (Finnish baseball) and soccer, by supporting cultural events, dieting courses, participating in the Naisten kymppi women's running event and stick walking.

The terraced house in Girasol and Punkaharju, meant for leisure-time use by Elanto employees, were actively used, as was the deadwood lodge on the Pyhätunturi fjeld. Elanto's Store Manager's Club has a lodge on the shore of the Bisa Lake."

The larger companies outperformed smaller ones with regard to 8 out of 17 indicators. Scores were even with 'retaining the personnel work ability up to proper retirement age', 'training/advice on health issues', 'support for rehabilitation', 'surveys on stress' and 'occupational help costs'. The service sector outperformed the manufacturing sector with regard to 11 indicators. Scores were even with 'retaining the personnel work ability up to proper retirement age'. None of the companies disclosed 'perception measures'.

Quantitative indicators were disclosed by few. With the exception of 'occupational health costs', the manufacturing sector outperformed the service sector. Seven companies disclosed 'rate of absence'. The figure was disclosed either as sick leave days per million hours worked (1), percentage of working hours (2), percentage of theoretical working time (1), average days (1) or as a percentage without reference to the quantity of which the per cent has been calculated (2). In addition, four of those seven did not provide this figure for the group as a whole. Only one of those, Engel, provided the figure systematically for all business units.

Only Engel and Veikkaus (1%) disclosed their occupational health costs. These were presented either as total amount of money spent or as total money spent by person. Three companies (2%) published a work ability index. The highest score was 5 reported indicators out of 17, reached by 4 companies. As many as 40 (41%) of those 98 who disclosed the theme or 102 (64%) of all 160 companies, did not provide any of the indicators listed in Table 6.17. Furthermore, 88 (90%) out of those 98 who disclosed the theme or 150 (94%) out of all 160 companies did not disclose any of the quantitative performance indicators.

**Table 6.17 Disclosed Indicators Related to Individual Well-being**

	All n=160		M n=92		S n=68		>1500 n=75		<1500 n=85	
	No.	%	No.	%	No.	%	No.	%	No.	%
<b>Principles</b>										
Retaining the personnel work ability up to proper retirement age	2	1	1	1	1	1	1	1	1	1
Stress on preventive activities	5	3	5	5	0	0	2	3	3	4
<b>Process indicators</b>										
G.P services	5	3	2	2	3	4	5	7	0	0
Special doctor services	2	1	0	0	2	3	2	3	0	0
Health screening, follow up	5	3	1	1	4	6	3	4	2	2
Training/advice on health issues	6	4	0	0	6	9	3	4	3	4
Action against drugs or alcohol	3	2	0	0	3	4	3	4	0	0
Support for sport or recreation	36	23	15	16	21	31	15	20	21	25
Support for rehabilitation	17	11	6	7	11	16	8	11	9	11
Support for mental problems	6	4	1	1	5	7	4	5	2	2
Special attention paid to ageing people	1	1	0	0	1	1	1	1	0	0
Surveys on stress	2	1	0	0	2	3	1	1	1	1
Measurements	12	8	7	8	5	7	7	9	5	6
<b>Performance indicators</b>										
Rate of absence	7	4	5	5	2	3	4	5	3	4
Occupational health costs	2	1	0	0	2	3	1	1	1	1
Work ability index	3	2	2	2	1	1	1	1	2	2
Perception measures	0	0	0	0	0	0	0	0	0	0

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All the indicators related to work organisation and community yielded low support. For the reasons of clarity, the disclosures related to work organisation and community have been accepted only if they were presented in context of employee health and well-being or as a part of work ability activities. The most reported one was 'improving the leadership skills and procedures' (5, 3%). 'Improving internal communication' did not yield any incidents in this respect. An example of a disclosure is as follows (RAY Gaming Operator, translation by author of the thesis):

"Fair game in Ray – co-operation not bullying' – training targeted at maintaining employees' work ability and motivation. Four hundred sixty employees participated in 23 occasions organised in co-operation with the psychologist for the occupational health centre at different locations around the country."

Larger companies scored higher with the exception of 'alleviating rush and time pressure'. 'Improving internal communication' and 'perception measures' yielded no disclosures in this context. The highest score was 2 disclosed indicators reached by a food and drinks company, Lännen tehtaat. As many as 85 companies (87%) of those 98 who disclosed the theme or 147 of all 160 companies (92%) did not disclose any of the indicators provided in Table 6.18.

**Table 6.18 Disclosed Indicators Related to Work Organisation and Community**

	All n=160		M n=92		S n=68		>1500 n=75		<1500 n=85	
	No.	%	No.	%	No.	%	No.	%	No.	%
<b>Process indicators</b>										
Improving the leadership skills and procedures	5	3	2	2	3	4	3	4	2	2
Improving the co-operative and interactive skills	4	3	2	2	2	3	2	3	2	2
Alleviating rush and time pressure	2	1	1	1	1	1	0	0	2	2
Improving the management of change and crisis	2	1	1	1	1	1	2	3	0	0
Improving internal communication	0	0	0	0	0	0	0	0	0	0
Measurements	1	1	1	1	0	0	1	1	0	0
<b>Performance indicators</b>										
Perception measures	0	0	0	0	0	0	0	0	0	0

M=Manufacturing S= Services

Indicators related to working conditions yielded equally low support. The most reported indicator was 'health and safety training' (19, 12%). Smaller companies reported more often on 'improving the workplace ergonomics' whereas other indicators yielded more support within the larger ones. The manufacturing sector outperformed the service sector with the exception of 'improving workplace ergonomics and 'improving management of threat and violence'. With regard to 'health and safety training` the scores were even. 'Perception measures' yielded no incidents. An example of a disclosure of a larger chemical and plastics company (Kemira) is as follows:

"Lost-time incidents were at the same level as the last years best annual record obtained so far, but considerably tighter internal targets have been set. One regrettable fatal accident occurred on 11 January 2000 at the Kemira Agro Uusikaupunki plant in Finland and investigations by the authorities are still pending."

Number of occupational injuries was disclosed by six companies, most often by larger manufacturing companies. All six used the number of accidents per million of working hours. One of those, Engel, did not provide the figure for the company group as a whole but broke it down by business units.

The highest score was five, reached by a large mining, metal and metal products company, Outokumpu. Sixty-two companies (63%) of those 98 who disclosed information concerning the theme or 124 of all 160 companies (78%) did not disclose any of the indicators presented in the Table 6.19.

**Table 6.19 Disclosed Indicators Related to Working Environment and Conditions**

	All n=160		M n=92		S n=68		>1500 n=75		<1500 n=85	
	No.	%	No.	%	No.	%	No.	%	No.	%
<b>Principles</b>										
Principle of zero accidents	3	2	3	3	0	0	3	4	0	0
<b>Process indicators</b>										
Improving the workplace ergonomics	5	3	1	1	4	6	2	3	3	4
Improving the hygiene at work	3	2	3	3	0	0	2	3	1	1
Improving management of threat and violence	3	2	1	1	2	3	2	3	1	1
Occupational health and safety system audited by third parties	9	6	8	9	1	1	5	7	4	5
Analysing the causes of work-related accidents, safety surveys	7	4	5	5	2	3	5	7	2	2
Health and safety training	19	12	11	12	8	12	14	19	5	6
<b>Performance indicators</b>										
Number of occupational injuries	6	4	5	5	1	1	6	8	0	0
Perception measures	0	0	0	0	0	0	0	0	0	0

M=Manufacturing S= Services

With regard to all the indicators presented in Tables 6.17, 6.18 and 6.19, the highest score was 8 indicators, disclosed by a large construction/materials sector company, YIT Group. As many as 24 (24%) of those 98 who disclosed the theme or 86 of all 160 companies (54%) did not disclose any of the listed indicators.

### 6.3.11 Equal Opportunities

The most documented equal opportunity issue was age (51, 32%). Gender related disclosures scored the second highest (28, 18%) but lagged far behind age. Disclosures on disabled employees or immigrants/ethnic minorities were not common. Disclosures related to age, gender and immigrants/ethnic minorities were more common within the service sector and within the larger companies. Only Pohjois-Karjala Co-op Retailer, referred to people with disabilities.

The most common disclosures related to age were breakdown by age (31, 19%) and average age (27, 17%). Only two companies referred to special measures addressed to ageing employees; VR Group, a transport and forwarding company, stated that their work ability activities were targeted especially at ageing employees whereas Fennia, an insurance company, reported on information occasions on ageing for employees. Process related indicators related to gender were equally rare and covered only equal opportunity plans and equality in wages. However, Finnvera's disclosure on equality on wages was rather vague referring to the compensation paid on basis of equal opportunities on collective bargaining.

Measures to facilitate adaptation of immigrants/ethnic minorities were reported by Engel, a business service company, providing real estate, including cleaning services. This company stated its intention to provide diversity training for supervisors. The company had also produced training material in multiple languages (Engel, translation by the author of the thesis).

"...The multiple cultures create a challenge to the day to day management and production of training and development material in multiple languages is part of the company routines especially at Helsinki area. It is important to support diversity and see it as a resource and Engel aims at promoting this by a diversity management project which has been started in 2000. The project aims at producing a training programme to develop supervisors' understanding of multiple cultures and improve their language skills."

The other two disclosures referring to immigrants/ethnic majorities were more like statements and did not include any measures to facilitate adaptation of this group.

This disclosure on disabled people was made by Pohjois-Karjala Co-op Retailer (translation by the author of the thesis):

"...In addition, five persons with disabilities worked at different tasks at PKO. They have been recruited to the suitable vacancies through projects the aim of which was to promote employment opportunities for people with disabilities."

All disclosed principle and process indicators, with the exception to disclosure with regard to equality in wages were more common within larger companies than within smaller ones. Furthermore, all disclosed principle and process indicators with the exception to 'principle of non-discrimination/equal opportunities', were more common within the service sector. 'Code of practice for sexual harassment', 'code of practice for bullying', 'surveys on equality', 'targeted recruitment in order to balance gender segregation' and 'measures to facilitate the adaptation of people with disabilities' yielded no incidents.

On the contrary to most other themes the quantitative performance indicators, break down by age (31, 19%), average age (27, 17%) and break down by gender (26, 16%) scored the highest. Four of those who provided break down by age did not provide this for the group as a whole, but to separate group companies/business units, the parent company or only domestic units of the company. In parallel, four companies did not provide the average age for the whole company group but broke it down by business units, provided it only for the parent company or for domestic units of the company. Finally, five companies, which



provide a break down by gender, did not provide this for the group as a whole but for each group company/business unit or only for domestic units of the company.

Only six companies (4%) provided information about the number of women in management positions. Three provided a comprehensive figure for the proportion of women in management positions. Two provided the figure for one or two management levels. Ilmarinen provided a figure for the share of all female and male employees holding a management position.

All the disclosed performance indicators scored higher within larger companies with the exception of number of people with disabilities. Furthermore, all the performance indicators scored higher within the service sector. A number of performance indicators yielded, however, no incidents. These were 'number of people with disabilities or ethnic background in management positions', 'number of legal non-compliances with legislation', 'workforce profile compared to the community profile for travel to workforce' and 'perception measures'.

The highest score was 6 disclosed indicators out of 21 reached by a smaller consumer service company HYY Group. Seven (13%) companies of those 55 providing a disclosure related to equal opportunities or 112 (70%) of all 160 companies did not provide any of the listed indicators. Only 8 (15%) out of those 55 providing a disclosure related to the theme did not provide any quantitative performance indicators.

**Table 6.20 Disclosed Indicators Related to Equal Opportunities**

	All n=160		M n=92		S n=68		>1500 n=75		<1500 n=85	
	No.	%	No.	%	No.	%	No.	%	No.	%
<b>Reference to</b>										
<i>Sex</i>	28	18	8	9	20	29	16	21	12	14
<i>Age</i>	51	32	24	26	27	40	32	43	19	22
<i>Disabled</i>	1	1	0	0	1	1	0	0	1	1
<i>Immigrants/ethnic minorities</i>	3	2	1	1	2	3	2	3	1	1
<b>Principles</b>										
Principle of non-discrimination/equal opportunities	6	4	4	4	2	3	4	5	2	2
<b>Process indicators</b>										
Equal opportunity plan	4	3	2	2	2	3	3	4	1	1
Code of practice for sexual harassment	0	0	0	0	0	0	0	0	0	0
Code of practice for bullying	0	0	0	0	0	0	0	0	0	0
Diversity/equal opportunity training	1	1	0	0	1	1	1	1	0	0
Surveys on equality	0	0	0	0	0	0	0	0	0	0
Targeted recruitment in order to balance gender segregation	0	0	0	0	0	0	0	0	0	0
Attention paid to equality in wages	1	1	0	0	1	1	0	0	1	1
Measures to facilitate the adaptation of immigrants/ethnic minorities	1	1	0	0	1	1	1	1	0	0
Measures to facilitate the adaptation of people with disabilities	0	0	0	0	0	0	0	0	0	0
<b>Performance indicators</b>										
Breakdown by gender	26	16	7	8	19	28	15	20	11	13
Number of immigrants/ethnic minorities	1	1	0	0	1	1	1	1	0	0
Breakdown by age	31	19	11	12	20	29	19	25	12	14
Average age	27	17	13	14	14	21	14	19	13	15
Number of people with disabilities	1	1	0	0	1	1	0	0	1	1
Number of women in management positions	6	4	1	1	5	7	4	5	2	2
Number of people with disabilities in management positions	0	0	0	0	0	0	0	0	0	0
Number of people with ethnic background in management positions	0	0	0	0	0	0	0	0	0	0
Number of legal non-compliances with legislation	0	0	0	0	0	0	0	0	0	0
Workforce profile compared to the community profile for travel to workforce	0	0	0	0	0	0	0	0	0	0
Perception measures	0	0	0	0	0	0	0	0	0	0

M=Manufacturing S=Services

### 6.3.12 Work-life Balance

This theme yielded a particularly low score. Only seven companies referred to work-life balance. Three (2%) referred to work-life balance as a principle and four (3%) documented about employee options for flexible working times. Other indicators yielded no disclosures. All the companies reporting about flexible working times were smaller service sector companies. An example of work-life balance as a principle is as follows (Raisio Group):

"The key objectives of the Raisio Group's Human Resources strategy are to ensure the competencies needed to implement business strategies now and in the future, as well as the wellbeing of the personnel. The elements of this wellbeing are excitement, respect for others, a good balance between home and work, and an atmosphere of trust. Another aim is to be a desirable employer, now and in the future."

An example of flexi-time is as follows (Ilmarinen):

"The take up of opportunities for flexibility in working life is likely to expand. There are currently eight workers on rotation leave, 16 persons are telecommuters and seven on part-time pension."

Or (Varma-Sampo):

"The company invested in a flexible organisation by, for instance, developing team activities and project work. There were 25 Varma-Sampo employees in distance work and 50 on part-time employment arrangements at the end of the year."

All the seven companies, who disclosed the theme, disclosed one indicator respectively. As many as 153 (96%) out of all 160 did not disclose the theme or any of the indicators listed.

**Table 6.21 Disclosed Indicators Related to Work-life Balance**

	All n=160		M n=92		S n=68		>1500 n=75		<1500 n=85	
	No.	%	No.	%	No.	%	No.	%	No.	%
<b>Principles</b>										
Principle of work-life balance	3	2	2	2	1	1	2	3	1	1
<b>Process indicators</b>										
Flexitime	4	3	0	0	4	6	0	0	4	5
Support for childcare	0	0	0	0	0	0	0	0	0	0
Better maternity/parental leave advantages	0	0	0	0	0	0	0	0	0	0
Encouragement for men to use their family leave options	0	0	0	0	0	0	0	0	0	0
Complementary training for those returning from family leave	0	0	0	0	0	0	0	0	0	0
Survey on work-life balance	0	0	0	0	0	0	0	0	0	0
Concierge services	0	0	0	0	0	0	0	0	0	0
<b>Performance indicators</b>										
Perception measures	0	0	0	0	0	0	0	0	0	0

M=Manufacturing S=Services

### 6.3.13 Employment Policy and Integration of Groups Experiencing Difficulties in the Labour Markets

Close to half of the companies (79, 49%) reported on this theme. 'Positive employer image' was the indicator, which yielded the highest support (32, 20%). The larger companies scored higher only with regard to 'positive employer image', measuring the employer image' and 'results of the employer image survey'. An example of disclosure is as follows (Sonera):

"According to questionnaire survey conducted by Tekniikka & Talous (Technology and the Economy) magazine, Sonera ranked in 2000 as Finland's second most desirable employer among business and technical students. Sonera's attractiveness is based on the Company's pioneering role, its accent on innovation and its flexible corporate culture.

Sonera was able to keep wages and salaries at the market level despite the shortage of professionally skilled potential employees in the industry. Often, hundreds of applications came in per job vacancy and for the most part, all the vacancies were filled. During the year the Group hired a total of 2300 new permanent employees: 1,800 through recruitment and 500 through acquisitions. The total number of employees rose to over 11,000. Staff turnover remained at six percent, compared with a figure that is often double that in the industry as a whole."

Training programmes/employment opportunities for 'immigrants/ethnic minorities', 'low skilled and 'number of immigrants/ethnic minorities of new recruits' did not yield any incidents. Pohjois-Karjala Co-op Retailer documented that they had employed people with disabilities. Furthermore, Incap, a smaller multisector company referred to an employment course organised in collaboration with the labour authorities:

"In addition to these, two employment courses were started to train altogether 40 persons in PCB assembly. These courses will help to meet most of the need for labour force at Vuokatti after the commissioning of the extension in 2001."

Nineteen (12%) companies disclosed their number of new recruits. Of those three did not provide the figure for the group as a whole. Eight companies counted their number of trainees. One of those, Tamfelt, provided this figure for the parent company only. Sonera, a larger telecommunication company produced break down by age for new recruits. Fennia, a smaller insurance company, however, stated only that "55% of new recruits were under 34 years old". The latter figure was not provided for the group as a whole. Fortum, a larger energy company documented the number of applications received and the number of vacancies during 2000.

As many as 19 companies (12%) reported about either their current or predicted shortage of labour. Even if the manufacturing sector as a whole referred to labour shortage more often than the service sector (12, 13% and 7, 10%), the larger service sector companies scored the highest in this respect with 7 out of 28 (21%) referring to this (HOK, translation by the author of the thesis):

"In the future recruitment of competent workforce becomes a major challenge for the service sector located in areas around Helsinki. Currently the shortage of labour is seen in terms of high turnover rates of personnel and increasing number of temporary workers. According to the survey produced by the city of Helsinki the workforce trained in the area can fill only two thirds of the vacancies at the area. Other vacancies had to be filled in by those moving into the area."

The highest score reached here was 6 out of 14 indicators reached by Sonera, a larger telecommunication company and Fortum, a larger energy company. As many as 22 (28%) of those 79 who disclosed the theme or 103 (64%) of all 160 companies did not provide any of the listed indicators. Fifty-three (67%) of those 79 who disclosed the theme or 134 (84%) out of all 160 companies did not disclose any of the performance indicators.

**Table 6.22 Disclosed Indicators Related to Employment Policy and Integration of Groups Experiencing Difficulties on Labour Markets**

	All n=160		M n=92		S n=68		>1500 n=75		<1500 n=85	
	No.	%	No.	%	No.	%	No.	%	No.	%
<b>Principles</b>										
Positive employer image	32	20	20	22	12	18	22	29	10	12
<b>Process indicators</b>										
Traineeships for students	23	14	16	17	7	10	8	11	15	18
<i>Company has offered training/employment for</i>										
Unemployed	1	1	1	1	0	0	0	0	1	1
Ageing people	1	1	0	0	1	1	1	1	0	0
Immigrants/ethnic minorities	0	0	0	0	0	0	0	0	0	0
People with disabilities	1	1	0	0	1	1	0	0	1	1
Low-skilled	0	0	0	0	0	0	0	0	0	0
Measuring the external employer image	5	3	3	3	2	3	5	7	0	0
<b>Performance indicators</b>										
Number of traineeships	8	5	5	5	3	4	2	3	6	7
Number of new recruits	19	12	9	10	10	15	9	12	10	12
Number of ageing people of new recruits	2	1	0	0	2	3	1	1	1	1
Number of immigrants/ethnic minorities of new recruits	0	0	0	0	0	0	0	0	0	0
Number of people with disabilities of new recruits	1	1	0	0	1	1	0	0	1	1
Results of external employer image surveys	5	3	3	3	2	3	5	7	0	0

M=Manufacturing S= Service

### 6.3.14 Measurement of Policies

As many as 50 companies (31%) documented information related to their working atmosphere survey. However, the information provided was mostly descriptive, with only 6 companies (4%) providing a job satisfaction index. Of those, two provided a job satisfaction index as one figure whereas three broke it into different parameters. Fennia, an insurance company, provided a special 'OTA' and 'SYKE' indexes, which reflected success of organisational procedures and co-operation within the organisation respectively.

A disclosure related to other interior measurements was made by 39 (24%) companies whereas external were referred by 11 (7%). With regard to external measurements,

reference was made to benchmarking surveys and surveys on employer image. Examples of internal measures are as follows:

- Balanced scorecard
- Malcolm Bridge quality
- Finnish quality award criteria
- Global Reporting Initiative (GRI)
- Health and safety surveys
- HUPO- (Human Potential) procedure, measuring corporate human capital and its developments

As many as 13 companies (8%) disclosed information about a standard related to personnel. The manufacturing sector scored higher with this respect whereas scores with larger and smaller companies were even. These standards, however, were exclusively related to health and safety. Four companies specified a health and safety standard, and three referred to Responsible Care. The remainder reported about health and safety when referring to a quality standard or environmental standard.

Nineteen (12%) companies provide the figure for turnover. The figure was presented more often by larger companies and within the service sector. The disclosure of turnover took several forms and levels. Two companies presented only figures with regard to those having left the company. Three provided the number of people who have left and the number of new recruits. In addition, three companies did not provide the figure for a group as a whole but broke it down for separate group companies/business units. Two focused only for particular business units or the parent company.

Fifteen (9%) disclosed the average length of the employment contract and 16 (10%) provided a break down of the employment contracts per length. Engel, a large business service company (1%) provided a special diagram for retention in percentages for each business unit. Two of those, who disclosed a breakdown of the employment contract per length, did not provide this for the whole group but only for the parent company or for a specific group company. Five of those who provided the average length of employment contract did not refer to the group as a whole, but presented the figure for each separate group company (2), parent company or specific group company (2) or only domestic units of the company (1).

Nine companies (6%) referred to an award. This was more common within the larger companies and within the service sector. Awards listed covered:

- Ministry of Labour good employers' award (two companies 2000 and 2001),
- award for promoting employment,
- the best personnel newsletter,
- the best intranet,
- award for a employee well-being programme,
- award for activities in order to reduce occupational accidents,
- award for significant work as a developer of the province,
- award for the company of the year which has promoted employment,
- the Finnish quality award (two companies),
- quality award in Portugal.

As many as six companies (4%) referred to the Dow Jones Sustainability Index. This disclosure has been accepted even if there was in no case reference to HRM. Those six companies were all large quoted companies, only one of those, Kesko, being a service sector company. Three of those had been included on the list but dropped out later on. All those disclosures were made in the environmental section of the respective annual report. None of companies referred to personnel affairs in this context. Rautaruukki referred, however, to the social aspect of the Sustainability Index, whereas others referred to sustainable development or exclusively to the environment.

The service sector scored higher with regard to 7 out of 11 indicators. With regard to 'external survey' the scores were even and the manufacturing sector scored higher with regard to 'standards' and 'ethical funds'. Larger companies scored higher with regard to 9 out of 11 indicators. The highest score was 5 out of 11 indicators, reached by three companies. As many as 72 (45%) out of all 160 companies did not disclose the theme or any of the listed indicators.

**Table 6.23 Disclosed Indicators Related to Measurement of HRM Policies**

	All n=160		M n=92		S n=68		>1500 n=75		<1500 n=85	
	No.	%	No.	%	No.	%	No.	%	No.	%
<b>Process indicators</b>										
Working atmosphere survey	50	31	27	29	23	34	27	36	23	27
Other internal survey	39	24	26	28	13	19	23	31	16	19
External survey	11	7	6	7	5	7	7	9	4	5
<b>Performance indicators</b>										
Working atmosphere index	6	4	1	1	5	7	4	5	2	2
Turnover	19	12	8	9	11	16	12	16	7	8
Break down by length of employment contract	16	10	8	9	8	12	10	13	6	7
Average length of employment contract	15	9	8	8	7	10	7	9	8	9
Retention rate	1	1	0	0	1	1	1	1	0	0
Standards	13	8	10	11	3	4	6	8	7	8
Awards	9	6	4	4	5	7	7	9	2	2
Ethical funds	6	4	5	5	1	1	6	8	0	0

M=Manufacturing S= Service

### 6.3.15 Disclosed Indicators by Ownership and Industry

The number of indicators disclosed varied between 3 to 10 indicators out of total 143 per ownership group classified in Table 6.24. Median values of number of indicators disclosed by quoted, state/municipality owned and group ‘co-op/mutual society/association’ were roughly even. The group ‘other limited companies’, consisting of privately owned companies (family-owned, those owned by other companies etc.), however, scored lower than any other group. In this context, it should be noted as well that the large majority of companies who did not send their reports belonged to this group.

**Table 6.24 Disclosed Indicators by Ownership**

	Median	Maximum	Minimum
Co-op/mutual society /association	10	26	1
State/municipality	9	22	1
Quoted	9	30	0
Other limited company	3	28	0

The median value per industry, in general, varied from 6 to 15 out of total 143 indicators. The median value was lower than that only for two industries: food and drinks and construction/materials.



**Table 6.25 Disclosed Indicators by Industry**

	<b>Median</b>	Maximum	Minimum
Business, consumer and telecom services	<b>15</b>	28	1
Furniture/textiles	<b>13</b>	19	1
Energy	<b>12</b>	30	6
Media	<b>11</b>	22	1
Chemicals and plastics	<b>10</b>	19	0
Financial services	<b>10</b>	26	1
Transport and forwarding	<b>10</b>	19	1
Electronics	<b>9</b>	12	2
Paper, packaging, other forest products	<b>7</b>	21	5
Wholesale and retail trade	<b>7</b>	22	0
Mining, metal and metal products	<b>6</b>	30	0
Multisector	<b>6</b>	14	0
Food, drinks	<b>4</b>	17	0
Construction/materials	<b>1</b>	29	0

## 6.4 CONTENT ANALYSIS OF PERSONNEL AND CSR REPORTS

### 6.4.1 Details of the Participants

All 205 companies were asked to send their personnel and society/sustainability reports in public distribution. Six companies (3%) sent their personnel report. The corresponding figures were three (4%) for large companies and three (2%) for smaller ones. Five of those who sent their personnel report were service sector representatives and only one, Metso a manufacturing sector representative. Table 6.26 shows the specific sectors of the companies, their number of employees and ownership.

**Table 6.26 Companies which Sent Their Personnel Report**

Company name	Ownership	Number of employees	Sector
Elisa Communications	Quoted	5,000-10,000	Telecom services
HYY Group	Association	500-999	Consumer services
Ilmarinen	Mutual company	500-999	Financial services (insurance)
Metso	Quoted	>10,000	Mining, metal, metal products
Varma-Sampo	Mutual company	500-999	Financial services (insurance)
YLE Finnish Broadcasting Co	Government	1,000-1,499	Media

All those 6 companies sent their annual reports as well. Four of those made reference to a separate personnel report available in the respective annual report. Three of those six, Ilmarinen, Varma-Sampo and YLE Finnish Broadcasting Co did not employ any staff outside of Finland. Furthermore, HYY Group, a consumer service company, limited its report to concern only personnel in Finland. Consequently, only Elisa Communications and Metso had a wider scope than Finland in their report. Elisa Communications provided

separate sections for the parent company and each group company, whilst YLE provided separate sections for the parent company and its subsidiary, Digita.

Four companies (2%) sent their society/sustainability reports. A report was accepted as a CSR report, if the 'society' aspect was clearly included into its main title and headings. Consequently, slightly expanded environmental reports are out with the scope of this study. Furthermore, reports focusing on only one special aspect of CSR, such as Health and Safety are out with the scope of this research.

The companies, which sent their CSR report all employ more than 1,500 people, with three out of four employing more than 10,000. Only one, Kesko, is a service sector company and the remaining three manufacturing sector representatives. With the exception to energy company, Pohjolan Voima, which is owned by Finnish companies in the export business, towns and municipal electricity companies and TXU Nordic energy OY, the companies were quoted. Fortum, however, specified in its report 'Fortum and Society' that the hard copy report provides only a summary, whereas the company is, for the first time, reporting on its activities in society mainly through the Internet.

**Table 6.27 Companies which Sent their CSR Report**

	Ownership	Number of employees	Sector
Fortum	Quoted	>10,000	Energy
Kesko	Quoted	>10,000	Wholesale and retail trade
Pohjolan Voima	Other limited company	1,500-4,999	Energy
Rautaruukki	Quoted	>10,000	Mining, metal, metal products

#### 6.4.2 Reporting by Themes

As Table 6.28 shows, most of the themes were well presented in both personnel and CSR reports. All personnel reports disclosed information on 'training and staff development', 'participation and staff involvement', 'pay and benefits', 'employee well-being and work ability', 'equal opportunities' and 'measurement of policies'. HYY Group and Varma-Sampo disclosed all 11 themes. The lowest score, however, was as high as 8 disclosed themes.

With regard to CSR reports, 'values and principles', 'training and staff development', 'participation and staff involvement', 'employee well-being and work ability', 'equal opportunities' and 'measurement of policies' were presented in all reports. The lowest support was yielded by the theme work-life balance, which yielded only one incident.

Kesko disclosed information on all the themes. The lowest score was five themes disclosed by Fortum, who, however, specified that "for the first time, we are reporting on our activities in society mainly by Internet."

**Table 6.28 Disclosures by Themes**

	Personnel reports			CSRreports		
	n	No.	%	n	No.	%
Values, principles	6	5	<b>83</b>	4	4	<b>100</b>
Main principles/objectives for HRM	6	5	<b>83</b>	4	3	<b>75</b>
Training and staff development	6	6	<b>100</b>	4	4	<b>100</b>
Participation and staff involvement	6	6	<b>100</b>	4	3	<b>75</b>
Pays, benefits	6	6	<b>100</b>	4	2	<b>50</b>
Security in Employment	6	4	<b>67</b>	4	3	<b>75</b>
Employee well-being and activities related to work ability	6	6	<b>100</b>	4	4	<b>100</b>
Equal opportunities	6	6	<b>100</b>	4	4	<b>100</b>
Work-life balance	6	5	<b>83</b>	4	1	<b>25</b>
Employment policy	6	5	<b>83</b>	4	3	<b>75</b>
Measurement of policies	6	6	<b>100</b>	4	4	<b>100</b>

### 6.4.3 Values and Principles

Half of the personnel reports (3 out of 6) disclosed their values, two out of six their vision whereas reporting a mission yielded no incidents. None of the personnel reports provided all three. Only Metso referred to the staff participation in preparation process of values. SR or ethical principles were reported only by HYY Group. The highest score was two disclosed indicators, by Varma-Sampo.

All of the CSR reports disclosed company values, half of them a vision and half of them ethical/CSR principles. Kesko, the company following GRI guidelines, disclosed a vision on the key factors in corporate responsibility. None of the reports disclosed corporate mission. The highest score, three disclosed indicators was reached by Rautaruukki and Kesko.

With regard to Table 6.29 values, a vision, a mission and ethical/SR principles included only if the report had full statement/summary of the respective theme, e.g. disclosures containing only a reference were excluded. Values, a vision, a mission, and ethical/SR principles are accepted regardless of whether they referred to HRM or not.

**Table 6.29 Disclosed Indicators Related to Values and Principles**

	Personnel			CSR		
	n	No.	%	n	No.	%
Values	6	3	<b>50</b>	4	4	<b>100</b>
Vision	6	2	<b>33</b>	4	2	<b>50</b>
Mission	6	0	<b>0</b>	4	0	<b>0</b>
Ethical/SR principles	6	1	<b>17</b>	4	2	<b>50</b>

#### 6.4.4 Training and Staff Development

‘Principle of life-long/continuous learning’ and ‘cost of training’ were presented by all the personnel reports. Furthermore, ‘job rotation’, ‘development discussions’ and ‘time spent on training’ were represented by 5 out of 6 company reports. The indicators yielding no incidents were ‘employability of an employee’, ‘measures to integrate low-skilled’ and ‘share of employees participating in training’.

Training costs were represented as a total amount of money spent (4), training costs per person (2), or as a proportion of training cost on wages and salaries (2). Elisa Communications and Metso provided the figure only by business unit or separate group companies and YLE provided it to the parent company and its subsidiary separately. HYY Group and YLE claimed that the wages and salaries when in training are included or provided a separate figure for this. However, Metso and Ilmarinen, stated that wages and salaries are not included. Five companies disclosed days spent on training, four of those as days per person and four as total days spent. Furthermore, YLE only accounted for the days spent on internal training.

Of those four who disclosed information about perception measures, Metso and HYY Group disclosed ‘staff development’ as a parameter in the job satisfaction index. Ilmarinen and Varma-Sampo were content to describe verbally personnel views with regard to staff training and development.

The highest score was 11 reached by HYY Group and the lowest six reported indicators reached by Elisa Communications and YLE. An additional indicator, reported by all six companies was the break down of personnel in accordance with educational level. Furthermore, Varma-Sampo stated that the aim is to raise the educational level index of the personnel and disclosed the indicator both for the years 1999 and 2000 and stated that (translation by the author of the thesis)

"We aim at increasing educational levels also in the future. In June 1999 eleven persons started an apprenticeship scheme aiming at a business college diploma."

With regard to CSR reports, none of the indicators received for 100% support. The support for 'development discussion' and 'time spent for training' yielded three out of four companies support. Eight of the indicators listed in Table 6.30 yielded no incidents, these being 'employability of an employee', 'initial training', 'measures to integrate low-skilled', 'competence appraisals', 'personal development plans', 'support for employees' studies on their own accord', 'share of employees participating in training initiatives' and 'perception measures'.

Kesko and Fortum, which disclosed their training costs both, provided this as the total amount spent, Kesko providing an additional information of costs per person. Three companies which provided information about time spent on training all disclosed the figure in the form of training days per person. The highest number of indicators reported was four reached by Kesko and Rautaruukki and the lowest Pohjolan Voima's one disclosed indicator.

**Table 6.30 Disclosed Indicators Related to Training and Staff Development**

	Personnel reports			CSR reports		
	n	No.	%	n	No.	%
<b>Principles</b>						
Life-long learning/continuous learning	6	6	<b>100</b>	4	2	<b>50</b>
Employability of an employee	6	0	<b>0</b>	4	0	<b>0</b>
<b>Process indicators</b>						
Initial training	6	4	<b>67</b>	4	0	<b>0</b>
Measures to integrate low-skilled	6	0	<b>0</b>	4	0	<b>0</b>
Competence appraisals	6	2	<b>33</b>	4	0	<b>0</b>
Development discussions	6	5	<b>83</b>	4	3	<b>75</b>
Personal development plans	6	3	<b>50</b>	4	0	<b>0</b>
Job rotation	6	5	<b>83</b>	4	1	<b>25</b>
Training aiming at achieving formal qualifications	6	4	<b>67</b>	4	1	<b>25</b>
Support for employees' studies on their own accord	6	4	<b>67</b>	4	0	<b>0</b>
<b>Performance indicators</b>						
Cost of training	6	6	<b>100</b>	4	2	<b>50</b>
Time spent for training (days/hours)	6	5	<b>83</b>	4	3	<b>75</b>
% of employees participating in training initiatives	6	0	<b>0</b>	4	0	<b>0</b>
Perception measures	6	4	<b>67</b>	4	0	<b>0</b>

#### 6.4.5 Participation and Staff Development

All personnel reports referred to trade unions or collective agreements. 'Email to the managing director', 'anonymous complaints points', 'informing personnel about the strategy of the company' and 'ratio of recognised trade unions to existing trade unions' yielded no support. With regard to quantitative indicators YLE disclosed the hours lost in

industrial action. The highest score was HYY Group's 11 disclosed indicators and the lowest four by Ilmarinen. An example of a disclosure as illustrated by HYY Group (translation by the author of the thesis) is as follows:

"The open and quick communication is important for well-being of the personnel. In addition to the direct communication between individuals, HYY has taken into use, as means to help the distribution of information, inter alia, interior workforce meetings, emails, electrical information board, traditional information boards, personnel newsletter 'Hyytiset', customer Magazine 'Hyminä', an annual report and a personnel report. In addition Unicafe has a 'Wellcome to house' guide to help in initiation to the work."

With regard to CSR reports the highest support was yielded by the 'principle of open/two way communication' (3 out of 4), and 'co-operative body' (3 out of 4). As many as 10 indicators yielded no support. Furthermore, none of the quantitative information listed in Table 6.31 was disclosed. As illustrated by Pohjolan Voima:

"At the Group level, a Group meeting consisting of 20 members provides a forum for information exchange between the Group's top management and the representatives of the different personnel groups. Co-operation committees function at the local level. The personnel have their representatives in the management groups of all Group companies. In almost all companies, the scope of the system is much wider than required by law. Common seminars are arranged with the Company's elected officials, in which the management also takes part. The company seeks co-operation with labour market organizations."

Additional information was provided by Kesko who disclosed a figure for employment disputes in lower courts. No further details of these disputes was disclosed. This company also disclosed the number of employees belonging to the trade unions and broke it down by subsidiaries.

The highest number of disclosed indicators was seven by Rautaruukki and Pohjolan Voima. Fortum did not provide any disclosure related to the indicators or to the theme in general.

**Table 6.31 Disclosed Indicators Related to Participation and Staff Involvement**

	Personnel reports			CSR reports		
	n	No.	%	n	No.	%
<b>Principles</b>						
Principle of open/two way communication	6	3	50	4	3	75
<b>Process Indicators</b>						
Immediate supervisor as a communication channel	6	3	50	4	0	0
Intranet	6	3	50	4	2	50
Email to the managing director	6	0	0	4	0	0
Anonymous complaint points	6	0	0	4	0	0
Personnel guidebook	6	1	17	4	0	0
Personnel newsletter	6	3	50	4	2	50
Suggestion scheme	6	4	67	4	0	0
Co-operative body	6	4	67	4	3	75
Work-force meetings	6	3	50	4	2	50
Trade-unions, collective agreements	6	6	100	4	2	50
Informing personnel about strategy	6	0	0	4	0	0
Informing personnel about financial performance	6	2	33	4	0	0
Teams	6	5	83	4	0	0
Representation of personnel in company administration	6	3	50	4	2	50
<b>Performance indicators</b>						
Number of days/losses related to industrial action	6	1	17	4	0	0
Ratio of recognised trade unions to existing trade unions	6	0	0	4	0	0
Perception measures	6	5	83	4	1	25

#### 6.4.6 Pay and Benefits

All six companies provided information on their incentive scheme in their personnel reports. Only Ilmarinen disclosed a quantitative performance indicator with regard to this theme. This indicator was ‘average wage’ as broken down by clerical staff and upper clerical staff. It should be noted, that Ilmarinen, as an insurance company, is not likely to have any manual staff, even if this information was not disclosed in its reports. The highest score was three disclosed indicators by HYY Group and lowest one by Varma-Sampo. As illustrated by Elisa Communications:

"Elisa has a bonus scheme in place covering all employees. The scheme is based on EBIT, customer satisfaction and productivity development. In addition to company-specific schemes, there are also unit and individual bonus schemes in place. All systems support profitability, competitiveness and customer satisfaction"

With regard to CSR reports all the indicators yielded low support. The highest score for disclosed indicators was three by Rautaruukki. Fortum and Pohjolan Voima did not disclose any information on the indicators or the theme in general. Only Kesko disclosed a quantitative performance indicator, this being an average wage. This indicator was provided for the whole group and, as stated by the company:

"In a group with a diversified structure like Kesko, the average salary is not a very good indicator for describing the salary level and structure."

**Table 6.32 Disclosed Indicators Related to Pay and Benefits**

	Personnel reports			CSR reports		
	n	No.	%	n	No.	%
<b>Principles</b>						
Just/equal pay	6	2	<b>33</b>	4	0	<b>0</b>
<b>Process indicators</b>						
Stock option schemes	6	1	<b>17</b>	4	1	<b>25</b>
Personnel fund	6	1	<b>17</b>	4	1	<b>25</b>
Incentive schemes (results, performance etc)	6	6	<b>100</b>	4	2	<b>50</b>
Shares and options owned by managers	6	0	<b>0</b>	4	0	<b>0</b>
<b>Performance indicators</b>						
Average wage	6	1	<b>17</b>	4	1	<b>25</b>
Spread of wages	6	0	<b>0</b>	4	0	<b>0</b>
Pay and conditions compared against local equivalent averages	6	0	<b>0</b>	4	0	<b>0</b>
Perception measures	6	1	<b>17</b>	4	0	<b>0</b>

### 6.4.7 Security in Employment

Only YLE reported on reductions in workforce in their personnel report. This company devoted to the theme a whole chapter entitled "Time of Change and Insecurity". YLE's disclosure included the principle of favouring internal recruitments over external and announcing the vacancies internally at first. The number of internal rotations and number of dismissals were provided as well. None of the companies disclosed any information about professional support for redundant employees.

Performance indicators scored the highest. Break down by part-time/full-time, break down by fixed term/regular and number of internal rotations were disclosed by three companies respectively. Three out of six companies, all service sector representatives, provided the number of part-timers and employees with fixed term contracts. Varma-Sampo accounted the number of temporary employees as well. Furthermore, HYY Group included a general statement of treatment of temporary, rental labour (translation by the author of the thesis):

"...A person who has been rented for the company through the agencies is proceeding alike with the other employees and he/she is to be treated equally with them. He/she is initiated into the tasks in question and the work community. If an employees' contract is longer, he/she participates in brand training'.

The highest score was seven reported indicators by YLE. Elisa Communications and Ilmarinen did not disclose any information related to any of the indicators or the theme in general.

With regard to CSR reports, 'the principle of long, secure contracts' was the most often disclosed indicator whereas all the other indicators yielded low or no support. Of all the indicators as many as seven yielded no incidents. Only Rautaruukki reported on reductions



in workforce. The disclosure, however, did not provide any concrete details on these incidents:

"Competition in the steel business market is becoming harder and a number of sites have had to reduce their workforce. The expanding of production operations in areas with saturated market conditions is not always possible nor is it economically profitable. As the Group strives towards continual growth in profitable market areas, new units and jobs are created. Over the recent years new units have been built, especially in the changing economy market countries."

The only quantitative indicator reported was 'number of internal rotations'. The highest score of disclosed indicators was two by Kesko. Fortum did not disclose any information with regard to any of the indicators or the theme in general.

**Table 6.33 Disclosed Indicators Related to Security in Employment**

	Personnel reports			CSR reports		
	n	No.	%	n	No.	%
<b>Principles</b>						
Long, secure contracts	6	2	33	4	2	50
<b>Process indicators</b>						
Reductions in workforce for economic or reasons related to production	6	1	17	4	1	25
Proactive measures to avoid redundancies	6	1	17	4	0	0
Professional support for redundant employees	6	0	0	4	0	0
<b>Performance indicators</b>						
Break down by part-time/full-time	6	3	50	4	0	0
Break down by fixed term/regular	6	3	50	4	0	0
Break down by other temporary	6	1	17	4	0	0
Number of redundancies/dismissals	6	1	17	4	0	0
Number of internal rotations	6	3	50	4	1	25
Perception measures	6	1	17	4	0	0

#### 6.4.8 Employee Well-being and Work Ability

Issues related to the individual well-being of an employee were well presented in personnel reports. None of the indicators, however, was disclosed by all six companies. Nevertheless, all indicators listed in the Table 6.34 yielded at least one incident. The highest support was yielded by 'support for sport or recreation' (5 out of 6) and 'support for rehabilitation' (5 out of 6) and 'measurements' (5 out of 6). An example of a communication was as follows (Varma-Sampo, translation by the author of the thesis):

"On the basis of the information received from the health screening the company has applied Aslak- rehabilitation from Finnish Social Security Institution for two employees' group. The rehabilitation is addressed for those who have not experienced a permanent decrease in their working capacity but do suffer from symptoms. A group for weight control guided by the occupational nurse was set up in autumn and Studie Generalia lectures on occupational well-being have been started as a response to the wishes presented during the health screening."

With regard to performance indicators rate of absence was disclosed by 4 out of 6 companies. This figure was provided as absent days per person (2), total days employees were absent (2), absence as a proportion of total working time (2), as average duration of absenteeism (1), total labour years lost for absenteeism (1) or number of absent employees (1). The highest score was 12 indicators accounted by HYY Group and Varma-Sampo. The lowest score was three disclosed indicators by Metso.

With regard to the CSR reports, each of them stated the company's support for sport or recreation. Another indicator scoring high was principle of preventative measures (3 out of 4). Retaining personnel work ability up to proper retirement age, G.P and special doctor services, action against drugs or alcohol, support for mental problems, surveys on stress and measurements yielded no incidents. Kesko provided the total days employees were absent, absent days per person and occupation health costs per person. None of the companies published a work ability index or any perception measures. An example of a disclosure is as follows (Rautaruukki):

"Rautaruukki has its own fitness and training centre at Vuokatti in which many activities connected with occupational fitness are organised. The personnel also have an opportunity to use the company's seven recreational facilities situated throughout Finland."

The highest score was four reported indicators by Fortum and the lowest three by Pohjolan Voima.

**Table 6.34 Disclosed Indicators Related to Individual Well-being**

	Personnel reports			CSR reports		
	n	No.	%	n	No.	%
<b>Principles</b>						
Retaining the personnel work ability up to proper retirement age	6	1	17	4	0	0
Preventive health care	6	4	67	4	3	75
<b>Process indicators</b>						
GP services	6	3	50	4	0	0
Special doctor services	6	4	67	4	0	0
Health screening, follow up	6	4	67	4	1	25
Training, advice on health issues	6	2	33	4	2	50
Action against drugs or alcohol	6	1	17	4	0	0
Support for sport or recreation	6	5	83	4	4	100
Support for rehabilitation	6	5	83	4	2	50
Support for mental problems	6	2	33	4	0	0
Special attention paid to ageing people	6	1	17	4	1	25
Surveys on stress	6	1	17	4	0	0
Measurements	6	5	83	4	0	0
<b>Performance indicators</b>						
Rate of absence	6	4	67	4	1	25
Occupational health costs	6	3	50	4	1	25
Work ability index	6	1	17	4	0	0
Perception measures	6	1	17	4	0	0

As it was the case with the annual reports, the disclosures related to working community have been accepted only if they were presented in context of employee health and well-being or as a part of work ability activities. With regard to personnel reports and indicators concerning working community, the highest support was yielded by 'improving leadership skills and procedures' (3 out of 6). Apart from improving the management of change and crisis, all other indicators scored low in the personnel reports. Improving co-operative and interactive skills, improving internal communication and measurements yielded no incidents. The highest score was three disclosed indicators yielded by Ilmarinen. Elisa Communications and HYY Group disclosed none of the indicators listed in Table 6.35.

All the indicators yielded low or no support at all in CSR reports. Only 'improving the leadership skills and procedures', 'improving the co-operative and interactive skills' and 'improving the management of change and crisis' yielded one disclosure. An example of a disclosure was as follows (Pohjolan Voima):

"...In 1997 the concept of fitness for work was extended, and the working capacity promotion programme was chosen as one of the priorities in the Group strategy. The main objectives included development discussions, teamwork skills, and internationalization of self-development, financial matters and occupational training. Varied skills strengthen people's self-esteem while also enhancing the Company's performance. In addition, various projects of change management were launched in several locations..."

The highest score was two disclosed indicators by Pohjolan Voima. Kesko and Rautaruukki did not disclose any of the indicators.

**Table 6.35 Disclosed Indicators Related to Work Organisation and Work Community**

	Personnel reports			CSR reports		
	n	No.	%	n	No.	%
<b>Process indicators</b>						
Improving the leadership skills and procedures	6	3	<b>50</b>	4	1	<b>25</b>
Improving the co-operative and interactive skills	6	0	<b>0</b>	4	1	<b>25</b>
Alleviating rush and time pressure	6	1	<b>17</b>	4	0	<b>0</b>
Improving the management of change and crisis	6	2	<b>33</b>	4	1	<b>25</b>
Improving internal communication	6	0	<b>0</b>	4	0	<b>0</b>
Measurements	6	0	<b>0</b>	4	0	<b>0</b>
<b>Performance indicators</b>						
Perception measures	6	1	<b>17</b>	4	0	<b>0</b>

With regard to personnel reports, 'improving the workplace ergonomics' yielded most support (4 out of 6). With the exception of 'number of occupational injuries' (2 out of 6) the indicators listed in Table 6.36 yielded only random support. Number of occupational injuries was in each case disclosed as a total number of injuries in 2000. The 'principle of zero accidents', 'occupational health and safety system audited by third parties', 'analysing

the causes of work-related accidents, safety surveys' and 'perception measures' did not yield any incidents. Example of disclosures is as follows:

"The procedures related to ergonomics aim at preventing work-related illnesses, such as those related to locomotor systems. As a result of these illnesses 407 working days were lost during the last year which is 290 days less than the corresponding figure in the previous year." (Ilmarinen, translation by the author of the thesis)

The highest score was HYY Group's and Varma-Sampo's three disclosed indicators. Elisa Communications and Metso declined to disclose any of the listed indicators.

The most reported indicator in CSR reports was, 'number of occupational injuries' (3 out of 4). This was provided as the number of accidents per million working hours (2) or as accidents per 100 employees (1). Health and safety training scored the second highest (2, out of 4). 'Improving hygiene at work', 'improving management of threat and violence' and 'perception measures' yielded not support. Example of disclosures is as follows (Rautaruukki):

"Occupational safety aspects are taken into account at all stages of design and implementation. All units carry out programs promoting occupational health and safety, the central aim of which is progression towards accident free operation. In Rautaruukki, we do not want to accept any accidents at all. Especially emphasised is the notification, reporting and analysis of "dangerous situations". So called "management safety walks" have been instigated at workplaces."

The highest score was Fortum's and Rautaruukki's three disclosed indicators. Kesko declined to provide any of the listed indicators.

**Table 6.36 Disclosed Indicators Related to Work Environment and Working Conditions**

	Personnel reports			CSR reports		
	n	No.	%	n	No.	%
<b>Principles</b>						
Principle of zero accidents	6	0	0	4	1	25
<b>Process indicators</b>						
Improving the workplace ergonomics	6	4	67	4	1	25
Improving the hygiene at work	6	1	17	4	0	0
Improving management of threat and violence	6	1	17	4	0	0
Occupational health and safety system audited by third parties	6	0	0	4	1	25
Analysing the causes of work-related accidents, safety surveys	6	0	0	4	1	25
Health and safety training	6	1	17	4	2	50
<b>Performance indicators</b>						
Number of occupational injuries	6	2	33	4	3	75
Perception measures	6	0	0	4	0	0

With regard to three Tables 6.34, 6.35 and 6.36 the highest score of disclosed indicators in personnel reports was 16 reached by Varma-Sampo. The lowest score was Metso's four indicators. In CSR reports, the highest number of indicators was eight reached by Fortum and the lowest four by Kesko.

#### **6.4.9 Equal Opportunities**

The theme of equal opportunity appeared in all personnel and CSR reports. All six personnel reports disclosed information with regard to gender and age. Indicators which did not yield any incidents in annual reports such as 'targeted recruitment in order to balance gender segregation', and 'equality surveys' were disclosed in personnel reports. With regard to 'attention paid to equality in wages', YLE provided a comparison between men and women wages in general and broken down by different level (different management groups, other personnel). An example of this disclosure is as follows (translation by the author of the thesis):

"At YLE, the wage difference between genders has been considerably smaller than in labour markets in general and it also continued to decrease last year. The average wage of female employees was 93% of the male employees wage at the end of the year whereas this ratio was 92% a year before at the corresponding time."

An example of an individual disclosure accepted here as 'targeted recruitment in order to balance gender segregation' was as follows (YLE Finnish Broadcasting Co, translation by the author of the thesis):

"The aim of the equal opportunity plan is that there are at least 40% of women or men at all levels of management by the year 2004. As indicated by the figure beside, the share of women has risen nearly in all management levels during the last five years. The share of women, however, continues to be the smallest both at the highest and lowest level of management."

Only HYY referred in its report to sexual harassment and bullying. The reference was made as a part of the company's equal opportunity plan. The disclosure, however, did not include explicit codes of conduct related to the matter, but was happy to provide a general statement of the employers obligation, in co-operation with the occupational health centre, to interfere "immediately" or "as early as possible".

Only Metso's disclosure referred to people with disabilities. In this case, the reference was made to South Africa and the new Skill Development Act which deals with reporting training programmes to the government and pays attention to education of women, black

people and the disabled. This disclosure, however, did not specify any measures taken by the company. Three companies referred to immigrants or to ethnic minorities. Reference to measures to integrate this group was made by HYY Group (translation by the author of the thesis):

"There are also some foreigners working for the company, especially in the Unicafe. Eight of the personnel of the Unicafe and some of the rental workforce have another language but Finnish as a mother tongue. Some of those employees have a good or satisfying command of Finnish language and have been able to participate i.a in brand training. There is a plan to organise brand training also in English in the coming year and the description of the task and instructions for equipments are to be produced in several languages. This especially in the restaurant of the University square."

As with the case for annual reports, the performance indicators scored the highest, all the companies disclosing 'break down by gender'. 'Break down by age' and 'average age' was reported by five companies (85%). Metso, Elisa Communications and YLE provided this only by business units or separate group companies. Six performance indicators yielded no incidents.

With regard to principle and process indicators the highest support was gathered by 'equal opportunity plan'. Code of practice for sexual harassment', 'code of practice for bullying' and 'measures to facilitate the adaptation of people with disabilities' yielded no incidents. The highest score in personnel reports was 9 reached by HYY Group and YLE, and the lowest 2 disclosed indicators by Metso.

With regard to the CSR reports, the 'principle of non-discrimination' scored the highest (4, out of 4) of principle and process indicators, 'equal opportunity plan' yielded the second place (3 out of 4). 'Code of practice for sexual harassment', 'code of practice for bullying', 'diversity/equal opportunity training', 'surveys on equality', 'targeted recruitment in order to balance gender segregation', 'measures to facilitate the adaptation of people with disabilities' and 'measures to facilitate the adaptation of immigrants/ethnic minorities yielded no incidents.

With regard to the performance indicators, all companies disclosed gender distribution, and three average age and the number of women in management. No incidents were disclosed relating to 'number of immigrants/ethnic minorities', 'number of people with disabilities', 'number of people with disabilities in management positions', 'number of people with ethnic background in management positions' 'number of legal non-compliances with

legislation’, ‘workforce profile compared to the community profile for travel to workforce’ and ‘perception measures’. The highest scores was six disclosed indicators by Kesko and the lowest four disclosed indicators by Rautaruukki and Fortum.

**Table 6.37 Disclosed Indicators Related to Equal Opportunities**

	Personnel reports			CSR reports		
	n	No.	%	n	No.	%
<i>Reference to:</i>						
<i>Gender</i>	6	6	100	4	4	100
<i>Age</i>	6	6	100	4	3	75
<i>Disabled</i>	6	1	17	4	0	0
<i>Immigrants/ethnic minorities</i>	6	3	50	4	0	0
<b>Principles</b>						
Principle of non-discrimination/equal opportunities	6	1	17	4	4	100
<b>Process indicators</b>						
Equal opportunity plan	6	3	50	4	3	75
Code of practice for sexual harassment	6	0	0	4	0	0
Code of practice for bullying	6	0	0	4	0	0
Diversity/equal opportunity training	6	2	33	4	0	0
Surveys on equality	6	2	33	4	0	0
Targeted recruitment in order to balance gender segregation	6	1	17	4	0	0
Attention paid to equality in wages	6	2	33	4	1	25
Measures to facilitate the adaptation of immigrants/ethnic minorities	6	1	33	4	0	0
Measures to facilitate the adaptation of people with disabilities	6	0	0	4	0	0
<b>Performance indicators</b>						
Breakdown by gender	6	6	100	4	4	100
Number of immigrants/ethnic minorities	6	2	33	4	0	0
Breakdown by age	6	5	83	4	1	25
Average age	6	5	83	4	3	75
Number of people with disabilities	6	0	0	4	0	0
Number of women in management positions	6	3	50	4	3	75
Number of people with disabilities in management positions	6	0	0	4	0	0
Number of people with ethnic background in management positions	6	0	0	4	0	0
Number of legal non-compliances with legislation	6	0	0	4	0	0
Workforce profile compared to the community profile for travel to workforce	6	0	0	4	0	0
Perception measures	6	1	17	4	0	0

#### 6.4.10 Work-life Balance

This theme, largely neglected in company annual reports was disclosed by five out of six companies in their personnel report. Of the individual indicators, however, only ‘flexitime’ scored high, five out of six reporting on this. Indicators like ‘complementary training for those returning on family leave’ which was completely neglected in annual reports, yielded just one support. An example of this was as follows (HYY Group, translation by the author of the thesis):

"A special working group was focusing on the problems related to initiation into work of the new recruits, an employee changing the task within the company and those who return from maternity and family leave."

Additional information was provided by YLE, who disclosed quantitative information about the use of family leave by gender. Highest score was HYY Group's three reported indicators. Metso did not disclose any information concerning any of the indicators or the theme in general.

With regard to CSR reports, only Kesko disclosed information concerning the theme. This company disclosed a summary of an equal opportunity plan which set a target of "increasing information in men's opportunities to make use of their rights as provided by family policy". The company also disclosed the principle of balance between work and life.

**Table 6.38 Disclosed Indicators Related to Work-life Balance**

	Personnel reports			CSR reports		
	n	No.	%	n	No.	%
<b>Principle</b>						
Principle of combining work and leisure in balance	6	1	17	4	1	25
<b>Process indicators</b>						
Flexitime	6	5	83	4	0	0
Support for childcare	6	0	0	4	0	0
Better maternity/parental leave advantages	6	0	0	4	0	0
Encouragement for men to use their family leave options	6	0	0	4	1	25
Complementary training for those returning on family leave	6	1	17	4	0	0
Surveys on work-life balance	6	0	0	4	0	0
Concierge services	6	0	0	4	0	0
<b>Performance indicators</b>						
Perception measures	6	0	0	4	0	0

#### **6.4.11 Employment Policy and Integration of Groups Experiencing Difficulties in Labour Markets**

'Positive employer image' (4 out of 6) and 'traineeships for students' (4 out of 6) scored the highest of principles and process indicators in personnel reports. None of the companies disclosed information about having offered employment opportunities for any of the disadvantaged groups listed.

With regard to performance indicators the number of new recruits was reported by 5 out of 6 companies and one company, Metso provided a figure for the number of their apprentices. The number of ageing people from new recruits, the number of immigrants/ethnic minorities of new recruits, number of people with disabilities from new recruits or perception measures did not yield any incidents. Metso has carried out a survey on an employer image and described the results as "mainly positive".



The highest score was 6 disclosed indicators by Metso. Ilmarinen did not provide any disclosure concerning any of the indicators or the theme in general.

Traineeships for students was the commonly reported indicator in CSR reports (3 out of 4). Pohjolan Voima disclosed information on age scale of new recruits. As stated by the company:

"In recruitment, the age scale has also widened, and in 2000 it ranged from 18 to more than 50 years old".

Pohjolan Voima also disclosed the share of women in new recruits. Offering training/employment opportunities for the unemployed, ageing people, immigrants/ethnic minorities, people with disabilities or the low-skilled, yielded no incidents. With regard to performance indicators, only the number of traineeship, number of new recruits and results of the external employer image were disclosed. The number of ageing people of new recruits, number of immigrants/ethnic minorities or new recruits and number of people with disabilities of new recruits yielded no support. The highest score here was 6 indicators disclosed by Kesko. Fortum did not provide any information concerning any of the listed indicators or the theme in general.

**Table 6.39 Disclosed Indicators Related to Recruitment and Promoting Employment**

	Personnel reports			CSR reports		
	n	No.	%	n	No.	%
<b>Principles</b>						
Positive employer image	6	4	67	4	2	50
<b>Process indicators</b>						
Traineeships for students	6	4	67	4	3	75
<i>Company has offered training/employment for</i>						
Unemployed	6	0	0	4	0	0
Ageing people	6	0	0	4	1	25
Immigrants/ethnic minorities	6	0	0	4	0	0
People with disabilities	6	0	0	4	0	0
Low-skilled	6	0	0	4	0	0
Measuring the external employer image	6	1	0	4	1	25
<b>Performance indicators</b>						
Number of traineeships	6	1	17	4	2	50
Number of new recruits	6	5	83	4	1	25
Number of ageing people of new recruits	6	0	0	4	0	0
Number of immigrants/ethnic minorities of new recruits	6	0	0	4	0	0
Number of people with disabilities from new recruits	6	0	0	4	0	0
Results of the external employer survey	6	1	17	4	1	25

#### 6.4.12 Measurements of Policies

All six personnel report disclosed information about working atmosphere survey. Five out of 6 also disclosed working atmosphere index. Five companies disclosed in their personnel

reports information about other internal measurements. Ilmarinen and Varma-Sampo referred to the Finnish quality award criteria, Ilmarinen also to balanced scorecard and HYY Group to international benchmarking. Five referred to health and safety survey. None of the personnel reports documented on standards or ethical funds. Only Metso reported on award:

"Santasalo Gears in Jyväskylä was nominated as the good workplace of the year by the local newspaper and the Central Organisation of Finnish Trade Unions with the citation of fulfilling the work contracts, good health care, long-term culture of negotiations and personnel fund"

All six personnel reports provided an indicator for turnover rate. However, two disclosed separately the turnover for those who are leaving and those who are starting at the company, one provided turnover for those leaving the company and three provided only one figure. Elisa Communications did not provide the figure for the group as a whole but broke it for separate group companies. Four companies provided an average length for employment contract and two of those also broke the figure down. Again, Elisa provided the figure only for separate group companies.

The highest score was six disclosed indicators, reached by HYY Group, Varma-Sampo and YLE. The lowest score was Elisa Communication's three disclosed indicators.

Working atmosphere survey was documented by three out of four CSR reports. Kesko and Fortum disclosed the working atmosphere index. Fortum provided the figure for only those which were satisfied with company policies in general. Three companies reported on other measurement in CSR report, the examples mentioned were Finnish quality award criteria, measurement on external employer image, survey on the users of the environmental report and safety surveys. Fortum documented on Responsible Care and BS 8800 and OHSAS 19001 safety certificates.

According to the CSR reports Kesko and Rautaruukki had been accepted to ethical funds. Kesko, however, reported of having dropped as its "market capitalisation did not reach the size category required for monitoring". Neither of those two mentioned personnel in this context. The highest score was reached by Kesko, with seven disclosed indicators. The lowest score, was Pohjolan Voima's two disclosed indicators.

**Table 6.40 Disclosed Indicators Related to Measurement of Policies**

	Personnel reports			CSR reports		
	n	No.	%	n	No.	%
<b>Process indicators</b>						
Working atmosphere survey	6	6	<b>100</b>	4	3	<b>75</b>
Other internal survey	6	5	<b>83</b>	4	3	<b>75</b>
External benchmarking	6	1	<b>17</b>	4	1	<b>25</b>
<b>Performance indicators</b>						
Working atmosphere index	6	5	<b>83</b>	4	2	<b>50</b>
Turnover	6	6	<b>100</b>	4	2	<b>50</b>
Break down by length of employment contract	6	2	<b>33</b>	4	1	<b>25</b>
Average length of employment contract	6	4	<b>67</b>	4	0	<b>0</b>
Retention rate	6	0	<b>0</b>	4	0	<b>0</b>
Standards	6	0	<b>0</b>	4	2	<b>50</b>
Rewards	6	1	<b>17</b>	4	0	<b>0</b>
Ethical funds	6	0	<b>0</b>	4	2	<b>50</b>

### 6.4.13 Reporting, Guidelines and Verification

Three companies specified the target groups of the personnel report. A comprehensive example of this reads as follows (HYY Group, translation by the author of the thesis):

"As one of the tools for HRM the personnel report provides analysed information on personnel and the focus areas of the HRM can be defined at different business units at different stages of producing the report. In addition, especially at the restaurant industry the personnel report is used in recruitment and it enables to create a multiple side picture of HYY as an employer. The personnel reports help in planning and developing internal communication as well."

None of the six personnel reports was verified by an impartial source.

With regard to CSR reports, Rautaruukki and Kesko claimed to have followed the guidelines provided by Global Reporting Initiative (GRI). One of those, Rautaruukki specified also the guide published by Confederation of Finnish Industry and Employers (TT). None of the CSR reports were verified by an impartial source. Fortum, however, made a reference to the website with regard to the verification statement of the environmental accounts included in the report. According to Kesko:

"Kesko's corporate responsibility report has not been verified by an impartial source. Kesko considers that verification will only become necessary when sufficient structure for international reporting practice – making provision for verification – has been adopted."

CHAPTER 7  
DISCUSSION AND  
CONCLUSIONS

## 7.1 INTRODUCTION

Chapter 2 indicates that the emergence of the CSR at the European level is related to the internationalisation of corporate structures, major recessions in the early 1980s and the early 1990s and the chronic level of persistent unemployment that began in the later 1970's. Dearden (1999, section 2.1 Chapter 2) suggests that the dramatic increase in unemployment has sharpened the polarisation between those who advocate the primacy of market forces and the need for flexible labour markets, and those who support and interventionist or corporatist approach to economic and social policy. These developments have initiated a discussion how to balance simultaneous needs for flexibility for employers and concomitantly security for workers.

At the European level the Delors' White Paper Growth, Competitiveness and Employment' (1993) shifted the emphasis away from employment rights to job creation. Further publications such as the Commission's Green Paper: 'Partnership for a New Organisation of Work' (1997) introduced a new balance between security and flexibility, which derives from internal flexibility, rather than external flexibility. External flexibility refers to the ability of the organisation to vary its commitments through reductions in the number of employees or changes in their status from permanent to temporary. On the contrary, internal flexibility is suggested to lead to improved organisational capacity through belief in human resources, based on principles of high skill, high trust and high quality, as well as incorporating higher levels of worker involvement (CEC 1997, Sisson 1999, section 2.3.2 Chapter 2).

Several authors have anticipated difficulties with passing detailed legislative initiatives in the social policy area in future, not only because of enlargement prospects but because of the general demands for greater flexibility in the field of employment relations in order to give companies space to face the increasing pressures of global competition (see section 2.4.1 Chapter 2). The response of the Commission suggests that there has been a shift from a hierarchical mode of governance towards a network style of governance, which is characterised by co-operative rather than competitive interaction patterns among a large variety of actors (see also Falkner 1999). In March 2000 the European Council stressed in its conclusions that implementation of the strategic goal, to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion, will be facilitated by applying a new open method of co-ordination as the means of spreading best practice and

achieving greater convergence towards the main EU goals (see section 2.4.2 Chapter 2). This new form of governance was given support by further Commission documents such as the 'Social Policy Agenda' (2000c), 'Strategic Objectives 2000-2005: Shaping the New Europe' (2000b) and the 'White Paper on European Governance' (2001d).

The European Council (2000a) further emphasised that achieving the new strategic goal will rely primarily on the private sector, as well as on public-private partnership. In order to involve private sector corporations in the modernisation of the European social model, in accordance with the new open method of co-ordination, the Lisbon Council made a special appeal on CSR concerning (section 2.5.3 Chapter 2):

- life-long learning,
- work organisation,
- equality of opportunity
- social inclusion and
- sustainable development.

The European Council in Feira (2000b) reiterated the appeal. Furthermore, the European Council in Nice (2000c) invited the Commission to involve companies in a partnership with social partners, NGOs, local authorities and bodies that manage social services, so as to strengthen their social responsibility. As a response to the European Council Appeal, CSR Europe and TCC took the responsibility of organising the European business campaign on CSR, which was launched in Brussels in November 2000.

As stated in the Campaign report 2002-2003:

"The appeal has been a catalyst, paving the way for a large-scale movement, involving not only a growing number of businesses, but increasingly the commitment of governments and policy makers, of social partners, civil society organisation, and international agencies as well." (Ovlisen et al. 2002)

This final chapter critically assesses, on the basis of survey findings and public documentation review, the performance of biggest Finnish corporations with regard to socially responsible HRM policies, objectives and targets outlined by European Council appeal on CSR (2000), the European business campaign launched on the basis of this appeal as well as various European level documents reviewed in Chapter 2, such as:

- European Declaration of Businesses against Social Exclusion (1995),
- Green Paper: Partnership for a New Organisation of Work (CEC 1997),
- High level Group on Economic and Social Implications of Industrial Change: Managing Change (CEC 1998a),
- Presidency Conclusions, Lisbon European Council, 23 and 24 March 2000 (The European Council 2000a),
- Green Paper: Promoting a European Framework for Corporate Social Responsibility (CEC 2001b),
- Corporate Social Responsibility: A Business Contribution to Sustainable Development (CEC 2002a),
- Communicating Corporate Social Responsibility: Transparency, Reporting, Accountability (CSR Europe 2000b),
- CSR Europe (2000) Communication Corporate Social Responsibility, Transparency, Reporting, Accountability. Voluntary Guidelines for action (CSR Europe 2000c),
- A European Assessment of 46 Companies' Performance on Social and Employment Issues: Towards a European Social Index? (CSR Europe 2000d),
- CSR Europe and the European Union, The European Employment Strategy: Business in Action. An analysis of a selection of business case studies from the CSR Europe Databank (CSR Europe 2001a),
- Winning with Integrity: A Guide to Social Responsibility (Business Impact Taskforce 2000a).

The study is centred around the following 11 themes compiled on the basis of the previously mentioned documents and paying attention to the country-specific circumstances as well as themes and topics currently under discussion in Finland (see Chapters 2 and 3):

- Values and principles
- General HRM objectives and administration
- Training and staff development
- Participation and staff involvement
- Pay and benefits
- Security in Employment
- Employee well-being and work ability
- Equal opportunities
- Work-life balance

- Employment policy and integration of people experiencing difficulties on the labour markets
- Reporting and measurement of policies

A total of 172 (84%) Finnish companies out of those 205 targeted contributed to the research data. Of the 172 which contributed, 50 took part in personal interviews, 33 took part in the postal survey and 160 supplied their documents via public distribution. The interviews were conducted with the biggest employers in the target population whereas the postal survey was sent to the remaining population. Using the study's broad based social responsibility parameters, the level of integration and nature of responsibility within these corporations is evaluated against the framework constructed on the basis of European level documentation presented in Chapter 2, paying due attention to the country specific circumstances presented in Chapter 3. This in turn allows for the development of an idealised model for CSR in HRM within Finland, which incorporates elements from key documentation, the guidelines, recommendations, government programmes, regulations and legislation aspects (Chapters 2 and 3) and evidence from the study's research data (Chapters 4, 5 and 6).

The findings of the research have implications for European level institutions, government bodies and local authorities in Finland as well as for the corporations themselves. The lessons learned and the implications of the study are discussed in the final part of this chapter.

## **7.2 NATURE AND LEVEL OF INTEGRATION OF SOCIAL RESPONSIBILITY WITHIN FINNISH CORPORATIONS**

Finland, as with other Scandinavian countries, shares the image of being a welfare state with high social security and labour standards, gender and equality and solidarity in wage policy (Vanhala 1995, Barnard 1996a, Chapter 1). As indicated in Chapter 3, the Finnish labour legislation and collective labour relations system is regulative and managerial discretion strongly limited compared with regulatory systems in many other countries.

As further noted in Chapter 3, social responsibility was a corporate issue 40 or 50 years ago. With the growth of Finnish society this role was transferred to the government, which has ever since played the leading role as the provider of social services and benefits. The expansion of the public sector, however, came to an end with an economic recession at the beginning of 1990's. Even if the government still continues its leading role as a provider of



social services and support systems, the privatisation of state-owned companies and the rationalisation of the public sector have been dramatic and challenging learning processes not only for managers and employees of these sectors but also for HRM specialists (Vanhala 1995, section 3.3.1 Chapter 3). Traditional employment relationships have been increasingly replaced by part-time and/or short-term contracts and the need for flexibility has been emphasised in work arrangements, working hours, wages and salaries as well as in hiring and firing. Along with globalisation and increased demands for flexibility CSR has more recently attracted increasing attention both by the Finnish public as well as by corporations.

The role shifts between the government and the private sector with regard to social responsibility were further confirmed by interview research data by comments such as:

"In old times we used to organise all sort of activities... Many workplaces were located in woodlands and we had to construct a whole society around them with all the related services like hospitals, schools etc. We used to have these kind of traditions, but this all happened a long time ago." (section 4.3.9 Chapter 4)

Or correspondingly:

"If we go back to the end of the 19'th century it was typical that once a company was established in a certain area, shops, schools and health centres were built up around it. This, in order to provide employees and their families the necessary services. At the time CSR was comprehensive, at least with regard to the local community. Later on the responsibility was switched to the society and the role left to companies was the role of income and wealth generator. Now the trend seems to be once again reverse and companies have been asked to take more responsibility. I wait to see what the future will bring with it and what would be the added value which companies could provide with regard to SR." (section 4.3.12 Chapter 4)

### **7.2.1 Corporate Values, Social and Ethical Principles**

The first set of survey questions were aimed at establishing the degree of attention paid by the participant companies to values, CSR, ethics, and image building in general. In 1997 the Centre for Finnish Business and Policy Studies' survey (see section 3.2.1 Chapter 3) suggested that management did not consider ethics or CSR as important. Instead, 54% of business leaders thought that the most important task of a company was to make profit and all other duties are of secondary importance. Only 32% of leaders were of the opinion that Finnish companies should take more social responsibility than they are taking today. When asked which should be the most strongly emphasised values of their own company, only 3% of leaders mentioned social responsibility whereas ethics as an important value was mentioned by 12% and taking care of staff by 31%.

The interviews and postal survey (section 4.3.3 Chapter 4 section 5.2.3 Chapter 5), however, indicated that Finnish major companies have started to attach increasing importance to corporate values, CSR and ethical principles. Whereas the large majority of survey participants had defined their values, vision and mission in a written form, the support for CSR or ethical principles, however, remained lower. Less than half of the larger companies (44%) had produced CSR or ethical principles and only a third of smaller ones (30%) had done this. Awareness of social and ethical issues was highest at the larger manufacturing companies, here as many as eight (24%) had produced both ethical code and CSR principles. Those were typically big multinationals, operating in several countries and having more than 10,000 employees on their payroll.

Even if support for ethical code/CSR principles still remained low, the survey suggests, however, that increasing numbers of companies are planning to take action in this direction. This is especially true with regard to the larger companies of which as many as 15 (30%) had included either ethical or CSR principles in their future plans. One reason for increasing attention among the participant companies to CSR could be, apart from international pressures, the changing attitudes of the public and increasing demands for softer values. The Finnish Centre for Business and Policy Studies survey in 1997 (section 3.2.1 Chapter 3) suggested that citizens have started to think that the economic climate is ruthless for the weakest and unproductive citizens and 66% are of the opinion that Finnish society has resorted to favour the rights of the strongest and that the prevailing order is 'the order of a jungle'. This view has been further supported by the intense discussion on work-related exhaustion and burnout by the Finnish media. A more recent survey, conducted by Mori in 2001 (section 3.2.1 Chapter 3), revealed that as many as 75% of Finnish consumers are of the opinion that companies do not pay enough attention to their social responsibilities.

## **7.2.2 General HRM Objectives and Administration**

The importance of 'top level commitment' or 'senior manager taking responsibility' have been stressed by the CSR Europe (2000c) and the Business Impact Task Force (2000a and 2000b). The survey data confirmed the suggestion that the organisation of the personnel function is related to the company size (Brewster and Hegewich 1994, Vanhala 1995, section 3.3.1 Chapter 3). In general, the larger companies had more comprehensive and well-defined policies in the field of HRM (see section 4.3.3 Chapter 4 and section 5.2.3 Chapter 5). As many as 37 (74%) of those had a full time personnel director,

personnel/HRM strategy was defined within 39 (78%) and 48 (96%) had a unit co-ordinating personnel/HR management policies at the upper corporate level. Within the smaller companies the corresponding figures were substantially lower.

Luoma (quoted in Strömmer 1999, section 3.3.1 Chapter 3) suggests that the personnel manager's position in the top management group is critical from the point of the view of the status of the personnel function and HRM issues and the opportunities to influence strategic decision making. It should, however, be noted that only 26 (52%) of the larger companies had a full time personnel director/manager, who was also present on the Board of Management or on the Board of Directors. This was the case only at 9 (27%) of the smaller companies. No industry specific pattern was distinguishable, but overall figures indicate that this was slightly more common within the manufacturing sector.

These figures are considerably lower than results of the Price Waterhouse Cranfield survey which indicated that as many as 61% of companies (with at least 200 employees on their payroll), had a full time personnel director/manager present at the highest level Board in 1992 (Brewster and Hegewish 1994, section 3.3.1 Chapter 3). The difference can be partly explained, apart from the time difference, by the fact that the survey here was focused at group level and the question focussed on exploring how many companies had full time personnel manager/director in their group management. Question focusing on administration of individual companies within the group would have been likely to produce a higher level of support.

The main principles and objectives of the HRM stressed heavily competence and staff development, especially within the large companies (section 4.3.3 Chapter 4, section 5.2.3, Chapter 5). The lack of common principles/objectives for HRM in smaller companies was demonstrated by the fact that as many as 13 (39%) respondents declined to provide any objectives or principles.

### **7.2.3 Training and Staff Development**

Education and training of the workforce is stressed in a number of European level documents. In general, the focus has been on integrating new recruits (European Declaration of Businesses against Social Exclusion 1995) upgrading and broadening employee skills and promoting their future employability (CEC 1998a, CSR Europe 2000d, CSR Europe 2001a).

Surveys undertaken by the European Foundation for Improvement of Living and Working Conditions (2003) indicate that companies educate their employees in Finland more than in the other European Union countries (Figure 3.5 Chapter 3). Furthermore, previous studies suggest, that the bigger the company, the bigger the share of employees participating in staff training (Statistics Finland 2002d, section 3.6.1 Chapter 3). In accordance with earlier studies the survey revealed a strong commitment for training and staff development by the larger companies, whereas the smaller ones generally had fewer measures in use and also spent less money on training (section 4.3.4 Chapter 4, section 5.2.4 Chapter 5).

Several Acts as well as government programmes promote occupational training and development within the companies (see section 3.4.3 and 3.5.1 Chapter 3). The Act on Co-operation within Undertakings (1978/725) stipulates that companies having at least 30 employees on their payroll must have a training plan ratified yearly. The new Employment Contracts Act (2001/55) introduced a general obligation for an employer to take care that an employee can cope with his/her work in case of a change in the operations of the company, performed task or work procedures. Furthermore, the employer is requested to promote opportunities for an employee to develop his/her skills for career advancement in accordance with his or her capabilities.

In line with the legislative framework, the survey results indicated that all the larger companies and the majority of smaller ones had accepted the principle of life-long learning as one of the aims of their HRM function and regarded the principle of employability as important. Table 7.1 shows the process related parameters which yielded at least half of the participants support within the larger companies.

**Table 7.1 Parameters with Regard to Training Yielding More than Half of the Companies Support within Larger Companies**

	>1500	
	No	%
Initial training /guidance/ training for special needs for new recruits	49	<b>98</b>
Guidance/training for special needs of older employees	27	<b>54</b>
Competence appraisals for all categories of staff	30	<b>60</b>
Regular development discussions for all categories of staff	40	<b>80</b>
Personal development plans for all categories of staff	28	<b>56</b>
Promotion of job rotation for all categories of staff	34	<b>68</b>
Training aiming at achieving formal qualifications	35	<b>70</b>
Promotion of studies on employees own accord and use working time for this (all the staff)	39	<b>78</b>

Support within the group of smaller companies, however, reached 50% or more only with regard to training or guidance for new recruits, regular development discussion for all

categories of staff and promoting of studies on employees own accord and use working time for this.

Whereas a number of companies did not provide the requested quantitative indicators, those provided, nevertheless, suggest that larger companies invest more resources in staff training. As many as ten (33%) of the bigger companies but only one of the smaller ones, spent 5% or more of annual wages and salaries on training. The highest figures were accounted for by representatives of sectors using new technology, such as telecommunication services or media. The lowest one was accounted for by a representative of food and drinks sector.

The bigger the company, the larger the proportion of personnel participating yearly in training. Whereas 26 (81%) of larger companies claimed that more than 50% of staff participated in training, the corresponding figure for the smaller ones was 13 (52%). Furthermore, as many as 18 (56%) of those larger companies which provided the figure claimed that 80% or more of employees participated in training. The corresponding figure for smaller companies was substantially lower (6, 24%). The participation rates were considerably high among the large service sector companies regardless of the industry. This parameter, does not, however, tell how much training actually was provided for each employee. It should also be noted that in a few companies the participation rates remained low. Of the larger companies, three (9%) and of the smaller ones four (16%) stated that under 20% of the employees participated. These tended to be manufacturing sector companies, representing industries such as food and drinks, mining, metal and metal products and multisector. The participation rate also remained under 20% at three smaller wholesale and retail trade industry companies.

With regard to softer parameters, guidance/training for special needs of older employees yielded more than half of the larger companies support whereas support for integration of low skilled employees remained lower within both groups. In general the term 'low-skilled' caused confusion in interviews and several doubts were expressed whether such a group actually existed in the whole of Finland. It was also suggested, that this group would most likely form a sub-group to the group 'ageing employees'. These comments are, up to some extent, supported by statistics. As shown in Appendix E only about 17% of the age cohorts entering the labour market have not had a post-comprehensive education (Ministry of Labour 2001a). For old age, this percentage is much higher: 36% of those aged 45-54 and 56% of 55-64s have no post-comprehensive education.

## 7.2.4 Participation and Involvement

Employee participation, including financial participation, empowerment, work autonomy as well as delegation of responsibility and genuine two-way dialogue are all mentioned in the key background documents (see for example, CEC 1997, 1998a, 2001b, European Declaration of Businesses against Social Exclusion 1995, CSR Europe 2000b, 2000d and 2001a).

The formal or representative participation system in Finland is based on collective agreements and labour laws (see section 3.4.4 Chapter 3). As many as 80% of Finnish employees are members of trade unions. With 76 trade unions organised into three central confederations, there is a union for every employee regardless of the line of work, type of employment or status in the enterprise. Employees' opportunities for participation in decision-making in organisations have been increased through laws including the Act on Supervision of Occupational Safety and Health Act (1973/131), the Act on Co-operation within Undertakings (1978/725), the Act on Personnel Funds (1989/814) and the Act on Personnel Representation in the Administration of Undertakings (1990/725). In accordance with the Act on Co-operation within Undertakings, issues such as training plans, health and safety action plans and actions related to promotion of equal opportunities have to be communicated to employees. In addition, the employer has to present employee representatives with the financial account of the company as well as with consistent accounts of the economic conditions of the company, including issues related to the development of production, employment, profitability and development of the cost structure.

In accordance with the solid supporting framework the survey results also indicated a strong support to the parameters listed in Table 7.2 (see section 4.3.5, Chapter 4, section 5.2.5 Chapter 5). The strong position of trade unions was manifested by the fact that the shop steward system was present in practically all the participating companies. It should be noted, however, that even if the Act on Co-Operation within Undertakings explicitly stipulates that employees have to be informed about the financial performance of the company, seven companies provided a negative answer to this parameter. All parameters scored slightly higher within larger companies, which indicates, if not a higher degree of participation in the larger companies, at least more formal procedures for participation.

**Table 7.2 Parameters with Regard to Participation Yielding at Least Half of the Companies Support both in the Interviews and in the Postal Survey**

	>1500		<1500	
	No	%	No	%
Immediate supervisor as a communication channel	50	<b>100</b>	30	<b>91</b>
Shop stewards as a channel for communication	50	<b>100</b>	31	<b>94</b>
Regularly meeting co-operative bodies	47	<b>94</b>	26	<b>79</b>
Regular workplace meetings	40	<b>80</b>	20	<b>61</b>
Direct email contact to the managing director	45	<b>90</b>	26	<b>79</b>
Attitude/job motivation survey	49	<b>98</b>	26	<b>79</b>
A suggestion scheme	44	<b>88</b>	21	<b>64</b>
All staff categories briefed on company strategy	44	<b>88</b>	23	<b>70</b>
All staff categories informed about financial performance of the company	48	<b>96</b>	28	<b>85</b>
Team work	48	<b>96</b>	27	<b>82</b>

The parameters, for which support remained below 50% within both groups, were European Work Council (EWC) which was in place most often in large multinational manufacturing companies and anonymous complaint points which were treated with suspicion among some of the interviewees. Some innovative examples, however, were presented in this context such as a special feedback telephone through which the employees were able to give feedback to the management anonymously or present questions for which they wanted answers, for example, through a weekly newsletter.

Wheeler and Sillanpää (1997, section 4.2.5 Chapter 4) suggest that a shared vision and values are a sign of an employee inclusive company. Whereas the majority of companies (54, 75%) claimed that employees had participated in the process of defining common values, participation in defining a vision or a mission was less common (see section 4.3.3 Chapter 4, section 5.2.3 Chapter 5). No industry specific pattern was distinguishable, but overall figures indicate that the participation was most common within the service sector companies. In some rare cases, a company had not even informed staff about the corporate vision or a mission.

Whereas staff have participated in defining corporate ethical code/principles in 9 (53%) and in defining CSR principles in 7 (44%) of the larger companies having defined these parameters, participation of the staff in defining those was almost non-existent in smaller companies. Only one out of six smaller companies which had defined either of the parameters, stated that staff had participated in defining this. In larger companies, it was also common (23, 59%) that employees participated in defining personnel/HRM strategy. The same does not, however, apply to the smaller companies. Personnel/HRM strategy was largely lacking from these and even if it existed, staff had rarely participated in the preparation process. The overall results indicated that participation was most common within the larger service sector companies.

### 7.2.5 Pay and Benefits

Financial participation is mentioned in the Commission's Green Paper: Partnership for a New Organisation of Work (1997) and in the Green Paper on the European Framework for CSR (2001b). Furthermore, it was one of the possible topics to be included in the European social index suggested by the CSR Europe (2000d). Financial participation and performance related pay also feature in the analysis of the relevance of the CSR-database (2001a) case studies to the four pillars of the European employment guidelines.

Wages in Finland are determined by corporatist bargaining and collective agreement system (see section 3.4.5, Chapter 3). As noted in section 3.6.2, Chapter 3 a result-based pay system is largely in use in Finnish companies. With regard to survey results (see section 4.3.4 Chapter 4, section 5.2.4 Chapter 5), the result-based pay was the incentive system yielding the highest support and is in use within the majority of companies (71, 86%). Thirty-two (64%) of all larger companies and 18 (55%) of the smaller ones offered this scheme to all staff categories.

Discussions in Finnish daily newspapers on the option schemes of management as a factor increasing the inequality of incomes has recently been active (see section 3.6.2 Chapter 3). The survey results suggest that whereas the majority of quoted companies offered option schemes to their staff, these schemes rarely covered all staff categories. As many as 21 (70%) of those who had the scheme in use, offered stock options exclusively to their management or key personnel. Those who provided stock option schemes for all staff categories could be characterised as expert type organisations, dominated by clerical staff and operating in industries such as telecommunication services, media, information technology and financial services.

Interestingly, personnel funds stipulated in law, but based on voluntarism (section 3.4.5 Chapter 3) were not largely adopted by the companies, only ten (12%) respondents had this. The fund was, however, under consideration in a couple of larger multinational companies and reference was made to the anticipated amendment to the law regulating on personnel funds. This amendment, which came into force in 2002, enabled companies to extend personnel funds to cover their foreign subsidiaries.



## 7.2.6 Security in Employment

### 7.2.6.1 Atypical Contracts

Workforce breakdown by function, full, part-time and temporary work is presented as one of the performance indicators of the CSR Europe (2000c) voluntary guidelines for reporting. In Finland, legislation allowed a substantial rise in atypical jobs at the end of the 1990's. (see section 3.4.6 Chapter 3). The regulation on fixed-term contracts was eased somewhat in 1997, as an enterprise in the service sector can conclude a fixed-term contract if demand for its services is not stable.

Even if this amendment for the Employment Contracts Act (1970/320) lasted only to the end of 1999, the atypical employment model has become more widespread. The survey results further confirmed this (see section 4.3.6 Chapter 4, section 5.2.6 Chapter 5). As many as 26 (35%) out of total 74 organisations which provided this figure, the share of fixed term contracts was 10% or more. As noted in section 3.3.2.2, Chapter 3, part-timers are typical in the female dominated service sector, in industries such as shops, the hotel and catering industry and health care. In line with this, the survey data revealed a high proportion of part-timers within the service sector whereas the number was generally low or non-existent within the manufacturing sector. As many as six out of all 13 participating retail trade companies stated the share of the part-timers to be considerably high, more than 50% of the workforce. It is important to note in this context that due to the comprehensive and affordable childcare system, childcare is not the primary reason for part-time work of women in Finland (see section 3.3.2.2 Chapter 3). Earlier research also suggests that part-time work is not often a voluntary choice. For example, Savola (2000) suggested that 40% of part-time employees had been willing to work full-time in 1998.

Legislation concerning the treatment of employees with an atypical contract has been recently tightened (see section 3.4.6 Chapter 3). The Employment Contracts Act (1970/320, 2001/55) requires an employer to offer an additional job for part-time employees when hiring new staff. Furthermore, the new Employment Contracts Act also obliges the employer to inform the vacancies publicly within the company, in order to ensure that the employees having part-time or fixed-term contracts can apply for these on equal terms with full-time employees. The new Act also explicitly forbids different treatment of employees having fixed or part-time contracts without well-founded reasons.

The survey results indicate, however, that employees with atypical contracts are not in the same position as those with regular contracts when it comes to personnel training (see section 4.3.4 Chapter 4, section 5.2.4 Chapter 5). With regard to the survey data, a total of 45 companies (54%) declined to provide an affirmative answer to the question regarding participation of the part-time employees in training in equal terms with other employees. The figure was 52 (63%) for employees with fixed term contracts. Even if the majority of 13 retail trade companies, in which the number of part-timers was 20% or more of the workforce, argued that part-timers participated in training in equal terms with others, three of them stated that they participated in training 'in accordance with supervisor', not on equal conditions with the other employees. At four manufacturing companies, neither the part-time employees nor the employees with fixed term contracts participated in training. These results support the findings of the Ministry of Labour survey (Ylöstalo 2001, section 3.6.3 Chapter 3), suggesting that discrimination against those with atypical contracts is common in Finnish workplaces.

#### 7.2.6.2 Restructuring and Redundancies

The Commission's Green Paper on the European Framework for CSR (2001b) devoted a chapter on restructuring and adapting to change. Job security or "restructuring in a socially responsible manner" was the main concern of the High Level Group on Economic and Social Implications of Industrial Change (CEC 1998a) as well as the Green Paper on Partnership for a New Organisation of Work (CEC 1997), the European Declaration of Businesses against Social Exclusion (1995) and the CSR Europe (2000d) assessment of European companies' performance on social and employment issues. It was also mentioned in the CSR Europe (2001a) analysis of the relevance of the CSR-database case studies to the four pillars of the European employment guidelines. In parallel, the Business Impact Task Force (2000a and 2000b) recommends companies should implement proper employee protection/development programmes in the event of mergers or restructuring resulting in downsizing.

In the early 1990s, the Finnish economy suffered its deepest and longest recession since the Second World War and within a few years nearly half-a-million net jobs were lost (see section 3.3.2.1 Chapter 3). Even if the large-scale redundancies of 1990s are over and a shortage of labour predicted, employees can hardly rely on lifetime jobs any more. This is demonstrated by the survey results (section 4.3.6 Chapter 4, section 5.2.6 Chapter 5). As many as 40 (80%) respondents of the larger companies and as many as 16 (48%) of the

smaller ones had reduced their workforce during 1999-2001. The reductions have taken place in every industry, but were more common within the manufacturing companies.

As noted in section 3.4.6 Chapter 3 Finnish legislation provides relatively good protection in case of individual dismissals whereas large lay-offs on economical grounds are easier to implement. In accordance with the Employment Contracts Act (1970/320, 2001/55) a collective termination is permissible if work has been reduced for economic, production or comparable reasons and if the employee cannot, with regard to his skills and capacities, reasonably be placed in or trained for new tasks.

Consequently, in accordance with the survey results, as many as 47 (84%) of those who had reduced their workforce had used dismissals as one of the means to implement reductions. Only nine (16%) out of total 56 who had reduced their workforce had managed to do this by using other means than dismissals. With regard to other means to reduce the workforce 'staff transferred to the other tasks' scored the highest (33, 83%) within larger companies. This is in line with the new Employment Contracts Act (55/2001) which obliges the employer to look for new job opportunities for an employee under threat of dismissal for economic or production related reasons from the company's subsidiaries. It should be noted, however, that regardless of the legislative requirements, only four (25%) of the smaller companies had used this option. The highest score within this group was reached by early retirements (7, 44%) and natural wastage. The parameters which yielded only random support, were 'decrease in pay and benefits in agreement with the trade-union' and 'general labour time reduction in agreement with the trade-union'. An example of an agreement mentioned here was "delay for some increases in pays and benefits". This suggests that in a country with a corporatist labour market system with three levels of negotiations and strong trade unions, these kind of agreements are hard to reach. It should be noted that employers, in general, are required to adopt general and industry specific collective agreements as minimum conditions to all employment contracts regardless of whether an employee belongs to a trade-union or not (see section 3.4.2 Chapter 3). Consequently, even if the tendency is towards more flexibility, company specific agreements could not offer worse benefits than stipulated in collective agreements.

Practically all the larger companies had used at least counselling in order to help redundant employees find a new job. Three companies had offered all forms of help listed: training, counselling, financial support, collaboration with other companies and support to start own

business. One of those, a larger manufacturing sector participant, explained that this ended up being cost-efficient for the employer as well:

"Earlier the employee left more money he or she was offered. In the end this proved to be cheaper for the employer as well since the best form of all strikes is the 'Italian one' in which you work as slowly as possible and it is impossible to fire anybody because there is always too much work to be done" (section 4.3.6 Chapter 4).

Apart from counselling, training in order to help an employee to find a new job scored above 50% within the larger companies. In interviews, however, it became evident, that help offered varied and was often dependent on a particular case and was negotiable. The survey results indicate that a redundant employees are better off if they had worked for a big company. The support for all forms of help, with the exception to counselling, remained low within the smaller companies and as many as 13 (39%) of those declined to provide a positive answer to any of the listed forms of help.

### **7.2.7 Employee Well-being**

Health and safety is documented as an important issue in the Green Paper (1997) Partnership for New Organisation of work, in the High Level Group report (1998a) on economic and social implications of industrial change as well as in the Green Paper on the European framework for CSR (2001b). The CSR Europe (2001a) analysis of the relevance of the CSR-database case studies to the four pillars of the European employment guidelines includes providing personal assistance to employees by offering services such as psychological counselling and healthy living programmes. Furthermore, the Business Impact Task Force (2000b) recommends that companies should run health and fitness programmes for staff. Health and Safety is also documented in the CSR Europe (2000c) and the Business Impact Task Force (2000a) performance indicators.

Health and safety is one of the most regulated areas of HRM in Finland (see section 3.4.7 Chapter 3). Regardless of this, however, employee well-being along with work-related stress, exhaustion at work, work ability and burn-outs are all topics which have recently been under intensive discussion (section 3.6.4 Chapter 3). At the end of 1999 the Finnish Government started a 'Well-being at Work Programme' aimed at finding new practical solutions to prevent stress at work, among other measures, with the goal of raising the average age of retirement by two to three years over the next decade (section 3.5.1.2 Chapter 3).

The work ability activities are documented in the Occupational Safety and Health Act (1958/299) and in the Occupational Health Care Act (1978/743) and recommended by the centralised economic and income policy agreement in 1990 and in the income policy agreement in 1997 (section 3.6.4 Chapter 3). The work ability activities are broadly defined and in addition to individual well-being, cover issues such as work organisation, work community as well as working conditions (Figure 3.6 Chapter 3). In this research, indicators related to employee safety have been only broadly side-stepped, since these tend, apart from being regulated in details, be industry specific.

The importance of employee well-being and work ability is at least partly related to the more rapid ageing of the population than in most other OECD countries (OECD 2000a, section 3.3.2.3 Chapter 3). As a response to this, the government launched its' programme on ageing workers, the aim of which is to improve the position of people over 45 years of age in working life, with the ultimate aim of keeping ageing people longer in work (see section 3.5.1.3 Chapter 3). The survey data further confirmed the average age being high especially within the manufacturing sector. Nearly one third (12, 28%) out of total 43 manufacturing companies which provided the figure accounted it to be 45 or more (see section 4.3.7, Chapter 4 and section 5.2.7, Chapter 5). The figures were generally lower with regard to industries dealing with new technology and highest in more traditional industries such as mining, metal and metal products, and paper, packaging and other forest related products.

The survey results indicate that companies had taken the issue of promoting employee well-being and work ability seriously. A considerable number of indicators yielded more than 80% support. The larger companies scored slightly higher with all the indicators listed in the question.

**Table 7.3 Parameters with Regard to Work Ability Yielding at Least Half of the Companies Support both in the Interviews and in the Postal Survey**

	>1500			<1500		
	n	No.	%	n	No.	%
<b>Individual well-being</b>						
G.P medical care services	50	50	<b>100</b>	33	28	<b>85</b>
Regular health screening	50	46	<b>92</b>	33	28	<b>85</b>
Training or advice related to healthy living	50	47	<b>94</b>	33	25	<b>76</b>
Sport or recreation events	50	50	<b>100</b>	33	30	<b>91</b>
Support to free-time sport or recreation	50	50	<b>100</b>	33	32	<b>97</b>
Organising or supporting rehabilitation	50	46	<b>92</b>	33	25	<b>76</b>
Professional help to employees' mental problems	50	34	<b>68</b>	33	19	<b>58</b>
Measuring work ability indices	50	39	<b>78</b>	33	17	<b>52</b>
<b>Work community and organisation</b>						
Improving leadership skills and procedures	50	48	<b>96</b>	33	24	<b>73</b>
Improving the co-operative and interactive skills	50	45	<b>90</b>	33	25	<b>76</b>
Improving internal communication	50	44	<b>88</b>	33	27	<b>82</b>
Surveys on working atmosphere	50	50	<b>100</b>	33	28	<b>85</b>
<b>Work and working conditions</b>						
Improving the workplace ergonomics	50	48	<b>96</b>	33	30	<b>91</b>
Improving the hygiene at work	50	39	<b>78</b>	33	20	<b>61</b>
Health and safety training	50	48	<b>96</b>	33	24	<b>73</b>

Even if exhaustion at work and burnouts have been high up on the agenda in the Finnish media (see section 3.6.4 Chapter 3), the parameter which yielded the lowest support within both groups was 'alleviating rush and time pressure at work'. This figure was 17 (34%) and 7 (21%) for larger and smaller companies respectively. 'Surveys on stress' was another parameter scoring low within the smaller companies (7, 21%). In this context it also should be noted, that with regard to those who had reduced their workforce, relatively few had used reductions in over-time hours as a mean to implement reductions in labour force or total working hours (see section 4.3.6 Chapter 4, section 5.2.6 Chapter 5). Furthermore, in the interviews, some individual comments confirmed that employees tend to be busy and work under constant pressure. As illustrated by a participant when asked if the company had made an effort to alleviate rush and time pressure:

"It is, actually, the other way around, if somebody leaves the company, the work is divided between the remaining staff." (section 4.3.7 Chapter 4).

or with regard to the employees opportunity to use working time for studies:

"Our employees used to be able to use working time for their studies....but currently everybody is too busy" (section 4.3.4 Chapter 4)

These types of comments indicate that there is a clear need for companies to pay more attention to the workload of employees.

## 7.2.8 Equal Opportunities

Equal opportunities and diversity at work are increasingly important issues when it comes to CSR (see Chapter 2). Equal opportunity was documented as a separate issue in the European Council appeal (2000a) and it is also one of the main pillars of the European employment strategy. Non-discrimination in staff recruitment, development and promotion on the basis of race, gender, age, religion etc. are stressed in all the key background documents.

Although the number of immigrants is on the increase in Finland, it should be noted that the labour market remains relatively cohesive because of the proportion of temporary foreign workers has been low prior to EU accession and refugees have so far played an insignificant role in the labour markets (see section 3.3.2.5 Chapter 3). Instead, Western type gender-based segregation of labour characterises the Finnish labour markets, both vertically and horizontally.

Interestingly, even if it is, in accordance with Act on Equal Opportunities between Genders, a legal obligation of companies to provide an equal opportunity plan, as many as 17 (34%) of larger companies declined to provide an affirmative answer to this question whereas the score of non-affirmative responses was as high as 24 (73%) within the smaller companies. Interviews revealed that companies tended not to regard equal opportunities as an important issue or took it as a self-evident, an area which might need some action in some other countries but not in Finland. The following explanations for lack of action in this field illustrate the attitudes:

“There has been an on-going discussion about producing an equal opportunity plan during the year 2002. However, since nobody considered this as a matter of any importance, I do not know whether it will be realised. It might well be that we end up to a decision that this kind of plan is not really worth of investing time and resources.” (section 4.3.8 Chapter 4)

“We do have codes of practice in a written form in the other countries in which we operate, but we had never experienced any need to distribute them in Finland, since this issue is already well established here. We have never had any problems with equal opportunities in this country.” (section 4.3.8 Chapter 4)

The existing 42 codes of practice or plans produced forbid discrimination most often on the basis of gender (38, 90%). Here, once again, the worsening ageing problem was manifested by the fact that the second place was taken by ‘discrimination on the basis of age ‘ (26, 62%). The parameter which received here the lowest score was ‘on the basis of

sexual orientation' (12, 29%). This was due to low support to the parameter within the manufacturing sector (5, 19%). One manufacturing respondent commented that sexual orientation is still regarded as a bit of a sensitive issue. On the contrary, two service sector respondents explained that there are homosexuals and lesbians among their employees, which have made their sexual orientation public. One of these explained that the 'family discount card' offered by the company to its employees is given equally to homosexual and lesbian couples.

As many as 41 of the larger companies (82%) and 30 (91%) of the smaller ones declined to provide a positive answer with regard to codes of practice to deal with discrimination. The absence of codes was explained by the fact that discrimination cases were carried through by already existing systems, regulated by law or collective agreements, such as normal shop steward systems practically present in every participant company, by a labour protection representative (based on Act on Supervision of Occupational Safety and Health Act 1973/131) or by the occupational health service centre. The question, however, remains if this is enough. It might well be that additional support and special instructions are needed in order to deal with sensitive and complicated matters related to discrimination or bullying on the basis of gender, age, disability or ethnic background.

#### 7.2.8.1 Gender

Activities related to promoting equal opportunities between genders yielded low positive support in the survey (section 4.3.8 Chapter 4, section 5.2.8 Chapter 5). A lack of attention to equal opportunities was explained by comments such as "this has never been a problem at our company". Furthermore, some of the commentators believed that this issue has already been dealt with in Finland.

Belief in Finnish superiority with regard to equal opportunities between genders is likely to go as far back as to year 1906, when Finland, as the very first country in Europe, introduced universal suffrage in parliamentary elections (see Appendix E). Furthermore, for some considerable time women's participation in work outside the home has been more common in Finland than in any other OECD countries and the employment rates for men and women are nearly the same in Finland which is quite unusual compared to the other EU member states (see section 3.3.2.2 Chapter 3). The public sector had also been active in facilitating the access of women to working life. This has been done by relatively advanced legislation providing long paid maternity and parental leave, right for care leave without



loosing the job and municipality provided daycare guaranteed by law (section 3.4.9 Chapter 3).

Equal opportunity question, however, is hardly completely solved in Finland. As noted in section 3.3.2.2 Chapter 3, the Western type gender-based segregation of labour characterises the country's labour market, both vertically and horizontally. According to the Ministry of Labour (2000a) only about 16% of the workforce is employed in equal occupations where the gender distribution is within 40-60%. The existence of firm gender-based segregation was further confirmed by the survey data (section 4.3.8 Chapter 4 section 5.2.8 Chapter 5). In 31 (70%) manufacturing companies the share of women within the total workforce was less than 40%. Within the manufacturing sector, especially industries such as mining, metals and metal products, paper, packaging and other forest products, construction/materials and energy scored low with regard to the share of women within the total workforce. On the contrary, within the service sector, especially industries like retail trade were by far (up to 90%) female dominated.

As noted in section 3.4.8.1 Chapter 3 the Act on Equal Opportunities between Genders requires employers to endeavour to have both women and men as applicants for jobs, to further the equal placement of women and men in various tasks and to prepare equal career opportunities for them. Earlier studies have also shown that there are relatively few females in the top positions even though the females in Finland are better educated than males (section 3.3.2.2 Chapter 3). Many of the practices related to recruitment, education and advancement are basically hard to detect and companies have a wide range of space to move here. In accordance with the survey data, as many as 15 larger (32%) and 16 (50%) smaller companies had no women in their top management. In particular, women were missing in the management of the manufacturing sector. If the gender balance of 40-60% is set as a target, in this case meaning at least 40% of women in each management group, none of those manufacturing companies, which provided the figure, had reached it with regard to top management. Only at two larger manufacturing companies the share of women in senior management reached 40% or more. With regard to the middle management, this was the case with three manufacturing companies.

As noted in section 3.4.8, Chapter 3 Act on Equal Opportunities between Genders provides an opportunity for positive discrimination. However, even if the gender segregation was evident and the share of women in management lacked far behind the share of men, less than half of the larger companies (20, 40%) and only eight (24%)

smaller respondents monitored the number of women in recruitment, training or promotions. Even lower was the support for targeted recruitment in order to balance the gender structure, 13 (26%) of the larger companies and 7 (21%) of the smaller ones having used this measure. Large service sector companies (7, 41%) most commonly used this measure.

The parameter which yielded the highest support with regard to activities promoting gender equality was 'attention paid to equality in wages'. Within the group of larger companies 23 (46%) provided an affirmative answer to this, the respective figure within the smaller companies being even higher 20 (61%). Action in this field is needed, since as noted in section 3.3.2.2 Chapter 3, the salaries of women lag approximately 10% behind those of men for the same age, educated in a corresponding way and having the same professional titles.

Melkas (2001) suggested sexual harassment to be far from an unknown phenomena in Finnish workplaces (section 3.6.5 Chapter 3). As many as 18% of women and 5% of men had experienced some form of sexual harassment at work. Survey data, however, indicated that corporate codes of conduct for sexual harassment were rare. As many as 67 (81%) of all participants did not have a code of conduct for sexual harassment in a written form. Furthermore, codes of conduct were produced more often within the female-dominated service sector. The occasional comments indicated that there might be an attitudinal problem with regard to the issue not only within the management but also with regard to staff attitudes in general. Examples of those reads as follows:

"At the group level meeting there was once a discussion on whether these instructions should be expanded. But the personnel made fun of it and women complained that they never get harassed even if they wanted to." (section 4.3.8 Chapter 4)

"We have not experienced any special need for producing this kind of code. I have been working for this company over ten years and nobody has ever harassed me. I wonder if there is something wrong with me..." (section 4.3.8 Chapter 4)

The tightening legislation should, however, push at least the employers to take the matter more seriously in the future (see section 3.4.8.1 Chapter 3). The new Occupational Health and Safety Act which entered into force in the beginning of 2003 obliges an employer to implement appropriate procedures in case of sexual harassment which are brought to his/her knowledge. The employer is guilty of failing to comply with the Health and Safety Act or even of a criminal offence, if not able to prove that they have taken appropriate measures in order to solve the problem.

### 7.2.8.2 Ageing Employees

As noted in section 3.3.2.3 Chapter 3 and earlier in this Chapter (section 7.2.7) the average age of employees tends to be high in Finland. This means that, especially within the manufacturing sector, considerably high turnover rates are expected in the near future. In the survey data, the situation is illustrated by comments such as;

"We can go on for five or ten years, but what happens then is that so many of our employees reach the pension age that in practice everybody leaves us at the same time." (section 4.3.9 Chapter 4)

However, support for activities to promote ageing employees work ability including special training and guidance did not even reach support from half of the companies. Most attention to this was paid by larger manufacturing companies, of which as many as 19 (58%) claimed to currently implement programmes tailored for specific needs of older employees. Furthermore, even if in 2001, in accordance with the Ministry of Labour Working Life barometer, 11% of respondents had perceived discrimination against older employees (Ylöstalo 2002 section 3.6.5 Chapter 3), as many as 70 (84%) of all survey participants declined to provide an affirmative answer with regard to monitoring the number of older people in recruitment, training or promotions.

A number of companies explained this lack of attention by claiming that pointing a finger at the older people is discrimination as such and a more individual approach is needed. As illustrated by a comment concerning whether the company has organised guidance or special training for ageing employees:

"Here, we do not discriminate with this very sophisticated term of 'age management'. We update skills of every employee regardless of their age." (section 4.3.4 Chapter 4)

### 7.2.8.3 People with Disabilities

As noted in section 3.4.8.4 Chapter 3 Finland has no quota or preferential employment policies and no anti-discrimination legislation for disabled people. People who have lost partial work ability while in employment are among the best protected in Finland. In accordance with the Employment Contracts Act the employer shall not dismiss a person on the basis of his/her health condition, if this has not lead to an essential and permanent decrease in the employee's occupational fitness. The labour court has interpreted the law in

such a way that, in extreme case, the employer may be obliged to set up a 'tailor-made' job for such persons (CEC 2000e, section 3.4.8.4 Chapter 3). After one year of partial incapacity related to sickness, however, the employer has a legal right to dismiss if suitable work cannot be found.

The large majority of survey respondents (56, 67%) stated that they had people with disabilities working for their organisation (section 4.3.9 Chapter 4 and section 5.3.9 Chapter 5). As noted in section 3.3.2.4, Chapter 3 there is no unambiguous definition for disability. In addition, the Act on Protection of Privacy in Working Life (2001/477) and the Personal Data Act (1999/523) restrict collection and treatment of this type of data (see section 3.4.8 Chapter 3). Consequently a question as to how to define 'a person with disabilities' or where to draw the line was raised. Some doubts also were presented, if it was actually legal to explicitly count the number of people with health problems and whether it would be discriminatory to start to do this. In accordance with the Act on Protection of Privacy in Working life, however, collection of personal data, for example, for work ability indexes is possible, providing that an employer is expressly willing to test his/her occupational fitness.

According to the current legislation, the bigger the company, the bigger share it pays of a disability pension (see 3.4.8.4 Chapter 3). A company having more than 800 employees on the payroll pays the full disability pension. Therefore, a number of larger companies participating in the survey claimed that it is to their own advantage to take good care of their staff and use every possibility for rehabilitation. This is illustrated by comments such as:

"The disability pension is not a cheap alternative and this consequently guarantees that we do everything to keep our own employees at work as long as possible. I do not believe that there is a company in Finland, who would not do the same."  
(section 4.3.10 Chapter 4)

However, a doubt was also presented, whether the people with disabilities are actually willing to stay at work, taking into account the relatively generous support system:

"In these days employees are happier to go to a disability pension and are more like disappointed if we do not let them to do this. The social security is high enough that nobody is willing to continue at work" (section 4.3.10 Chapter 4)

#### 7.2.8.4 Immigrants/ethnic minorities

As noted in Chapter 3, the national labour market has for a long time remained relatively cohesive in Finland. However, recent developments show a clear change in this. During 1990-2000 the number of immigrants increased from 20,000 to 90,000 (Population Register Centre 2002, section 3.3.2.5 Chapter 3). The proportion of foreigners in relation to the whole population still remained low, only 1.9%, in 2001 and most of them were of European origin (Statistics Finland 2002b). Furthermore, foreigners tend to concentrate in the county of Uusimaa (main city of which is Helsinki), in which nearly half of them (49%) are living.

The results of interviews suggest that the majority of larger companies do have foreign employees in their Finnish subsidiaries, even if in most cases the number of them remains relatively low (section 4.3.8 Chapter 4). This indicates that in the future treatment of ethnic minorities in the workplace might be an issue of increasing importance, especially with regard to the main cities of Finland where immigrants tend to concentrate. This is in line also with the Ministry of Labour Working Life Barometer (Ylöstalo 2002 section 3.6.5 Chapter 3) which suggests that employees' perceptions related to discrimination of immigrants had increased in the year 2001 (6% of all respondents) compared to the year 2000 (4% of all respondents). Also some individual comments in the interviews suggested that there are prejudices against this group among employers (see section 4.3.10, questions 3 and 4 Chapter 4). It should be noted, that as many as 15 (45%) of those smaller companies which completed the postal survey, stated that they do not have any foreigners working for their company in Finland (see section 5.2.8 Chapter 5). A brief look of company reports and websites indicated, that as many as 11 of those were mainly operating outside the main cities of Finland.

The measures to promote the equality of this group were largely missing. In general, those who had used diversity training were larger multinationals operating in a number of countries. Only three companies mentioned a language course for immigrants. With regard to monitoring the number of ethnic minorities, a doubt was presented, whether it actually was legal:

"In Finland you would end up to a prison if you started to keep records on ethnic minorities." (section 4.3.4 Chapter 4)

Comments like this suggest that the number of employees with ethnic background has been so far limited in Finland. Therefore ethnic background has not as yet been an issue and there has been no compelling need to pay special attention to the equal treatment of this group. If the need would arise, however, the prevailing legislation should not be a hindrance to action in this field. In accordance with the new Act on Protection of Privacy in Working Life (2001) the employer is permitted to collect and process personal data relevant to the employment relationship. In accordance with the Personal Data Act (1999), however, sensitive information, in which the category ethnic origin is classified, can be collected only with the consent of the person in question or without this only to the extent that doing so fulfils a legal duty.

### **7.2.9 Work-life Balance**

A better balance between work, family and leisure is documented by the CSR Europe (2000c), the Business Impact Task Force (2000a and 2000b) and the Green Paper on the European framework for CSR (2001b). Reconciling working life and family life is also mentioned as an important target in the Green Paper: Partnership for New Organisation of Work (CEC 1997) as well as by the European Council Conclusions in Lisbon (2000a). The CSR Europe (2001a) analysis of the relevance of the CSR-database case studies to the four pillars of the European employment guidelines includes introducing flexible working time arrangements.

Finnish legislation and collective agreements (section 3.4.9 Chapter 3) have already addressed many of the issues related to work-life balance. Correspondingly, survey results showed low support for issues that have traditionally been and, still are within the public sector responsibility (section 4.3.9 Chapter 4 and section 5.2.9 Chapter 5). Only few companies have offered better maternal or parental leave options than stipulated by law and collective agreements. Taking into account that the combined length of maternity/paternal leave stipulated by law is over ten months, the government pays an earnings related allowance for this time, accounting for 70% of the earlier salary, and many collective agreements offer better benefits; this is no surprise (see section 3.4.9 Chapter 3). The prevailing legislation goes even further in this respect. In accordance with the Employment Contracts Act, either mother or father of the child is entitled to stay at home to care for a child for the first three years and then to return to the previous employment. A mother or father exercising this right receives a government paid allowance for doing so. An employee may also exercise the right to partial care leave reducing the working day to

six hours until the child has finished the first autumn term of basic school, which normally happens when a child reaches the age of seven years.

In accordance with the survey data ‘survey on implementation of work-life balance’ scored the highest (19, 38%) with regard to means to promote work life balance within the larger companies and ‘encouragement for men to use their family leave options’ within the smaller companies (9, 27%). Both the interviews and the postal survey confirmed that there has been no demand for companies to organise childcare. Childcare is a legal responsibility of the local authorities (section 3.4.9.2 Chapter 3). The Act on Childrens Daycare came into force as early as in 1973. As of 1996 all under-school age (less than 7 years old) children are legally guaranteed a place in municipal daycare. Families are obliged to pay a fee that is related to their incomes, with the maximum fee being 185 Euro per month in 2001. Poor families are, however, exempted from the fee. Again, the shifting role between government and companies in the social responsibility field (see section 7.2 in this Chapter) was referred to in comments such as "we used to provide child-care services in the past, last time in the 1970's, but this has been finished a long time ago".

However, the recent favourable changes in taxation (section 3.4.9.3 Chapter 3) have provided a start for a number of experiments related to providing childcare for employees sick children. The question was raised, however, whether this is actually ethical, since at the moment, according to the Employment Contracts Act (1970/320, 2001/55) the employee has a right to take a leave up to a maximum of four days at a time if his/her child gets sick (see section 3.4.9.3 Chapter 3). As noted in interviews, keeping a child's parent at work and sending a stranger to their home might not always be the best possible option.

The prevailing legislation covers a wider area than only work-family balance (see section 3.4.3 Chapter 3). Under the Study Leave Act (1978/743), an employee is entitled to study leave up to a maximum length of two years. The employee may freely choose the studies and they do not have to be connected with the employers' operations. No salary is paid during this leave, but the employee is entitled to apply for various training grants. In accordance with the Act on Job Alternation Leave (1995/1663 section 3.4.9.4 Chapter 3), since 1996 an employee has been able to be off work for a maximum one year and receive for this period 70% of the earnings-related unemployment benefit. The employer has to agree with this arrangement.

With regard to survey results, the majority of companies (45, 54%) reflected a positive attitude towards being flexible when it comes to childcare needs of an employee. The attitudes were the hardest with regard to flexibility in relation to the hobbies of an employee and possible voluntary work conducted by them. As many as 17 respondents (34%) of larger companies stated that they did not have much possibilities to be flexible with regard to employees' hobbies, 18 (36%) stating that this was the case with regard to voluntary work of the employees. Smaller companies had an even harder line; corresponding figures being were 17 (52%) for hobbies and 16 (48%) for voluntary work.

Whereas different forms of flexible working times were generally applied in both larger and smaller companies, the interviews and the postal survey do not, however, indicate how widely. Furthermore, occasional comments such as "due to the recent redundancies the employees are scared to use this option", indicated that in conditions of insecurity employees are not willing to use flexible working times since they are scared of being the first ones to leave if there is a need for redundancies.

#### **7.2.10 Promoting Employment**

The Green Paper on the European framework for CSR argues that "responsible recruitment practices could facilitate the recruitment of people from ethnic minorities, older workers, women and the long-term unemployed and people at disadvantage". The European Declaration of Businesses against Social Exclusion (1995) pays special attention to the integration of these groups. The Green Paper: Partnership for a New Organisation of Work devotes special headings to promoting employment of immigrants and ethnic minorities as well as people with disabilities. In the assessment of European companies performance on social and employment issues, the CSR Europe (2000d) recommends that business should actively promote the recruitment of young or long term unemployed people.

The support system for the unemployed is relatively generous in Finland (section 3.4.10 Chapter 3). Even if the full basic allowance paid to all persons in need of financial assistance is relatively small (21.40 Euro per day in 2001), the earning related allowance accounts for about 60% of average earnings while working and is paid for 500 days of unemployment.

The employment agency can grant financial support for an employer hiring an unemployed (section 3.4.10.2 Chapter 3). The minimum amount was 21.36 Euro per day in 2001 and it



can be paid for ten months at a time. The support can also consist of basic allowance (average 420.47 Euro per month) combined with employment support (maximum 420.47 Euro month) paid to an employer for a maximum length of one year. Furthermore, in accordance with the Employment Decree (1997/1363) the employment agency can admit an unemployed jobseeker employment support for training (420.47-756.85 Euro per month) for a maximum of a ten months period. Regardless of the comprehensive support system, as many as 38 larger (76%) and 27 (82%) smaller survey participants declined to provide an affirmative answer for targeted recruitment of the long-term unemployed, immigrants/ethnic minorities, people with disabilities and the low-skilled (section 4.3.10 Chapter 4 and section 5.2.10 Chapter 5). Furthermore, more than half of the larger companies (26, 52%) and as many as 15 (45%) of the smaller companies declined to provide an affirmative answer to offering training opportunities to any of these groups (section 4.3.4 Chapter 4 and section 5.2.4 Chapter 5).

The most common explanation for lack of action in this field was that the company was hiring "the best and the most competent employees", not targeting of any special groups. Corporate responsibility in this field was also questioned and reference made to the public sector role in integrating disadvantaged groups:

"The local authorities are the ones who have the obligation to offer employment opportunities for those without a job." (section 4.3.10 Chapter 4)

This comment refers to the Employment Act (1987/275, see section 3.4.10.3 Chapter 3), in accordance with which the municipality is obliged to organise an unemployed person an employment opportunity for ten months. After having worked for ten months, the unemployed person is once again eligible for receiving earnings related unemployment allowance for a further 500 days.

The activeness of members of disadvantaged groups in looking for a job, in light of relatively generous support system, was also questioned by survey participants:

"There has been no particular supply or any perceived willingness in the part of these groups to come to work at our organisation. Perhaps these people have already got too passive and they are not even trying to find a job." (section 4.3.10 Chapter 4)

Even if the employment situation has been improving in the country, the problem in some companies was an excessive supply of labour and difficulties to say 'no' to the applicants. Furthermore, a number of companies stated that they could not take more people in due to

the fact that they were currently reducing rather than increasing the workforce. Whereas most of the respondents were careful not to reveal prejudices against applicants from disadvantaged groups, a couple of comments were, however, questioning the competence of these employees:

"We are looking for competence and it is unlikely that you could find this among these groups" (section 4.3.10 Chapter 4)

The companies, who had been most active in this field, seemed to be those suffering from seasonal or more persistent labour shortages, in sectors such as food and drinks, wholesale and retail trade, business services and chemicals and plastics and had generally increased their personnel, even up to 20% in 2000.

#### 7.2.10.1 Unemployed

As a consequence of the long and deep recession in the 1990s, unemployment rose from 3% to 17% (Statistics Finland 2002a, section 3.3.2.1 Chapter 3). Employment has, however, picked up since the recession, and unemployment continues to decrease reaching a level of 9.1% in 2001, which is about 42% less than it was in 1994.

As many as 74 (89%) survey participants declined to provide a positive answer to targeting of the long-term unemployed in their recruitment process (section 4.3.10 Chapter 4, section 5.2.10 Chapter 5). Offering training possibilities for the unemployed, however, yielded some positive support, especially among the larger companies, as many as 17 (34%) having done this. At smaller companies, only 8 (24%) had offered training possibilities to this group. In general, judging by the comments made in interviews, these trainees were paid employment support admitted by labour authorities, covering training for maximum of ten months.

Even if general support for these parameters was largely missing, there were examples of systematic and successful projects offering employment and training opportunities for the unemployed as the following example illustrates:

"We have organised a couple of vocational training courses for the long-term unemployed, the ageing unemployed as well as for immigrants...The courses lasted for three months. The participants did not receive any pay during the training but after this a normal employment contract was made. Some participants set up they own company and worked for us through this." (section 4.3.10 Chapter 4)

The experiences of recruitment of the unemployed had not, however, always been positive as the following comment suggests:

"Number of those continuing after the training period was limited, even if we had been ready to employ more, since many of the long-term unemployed were not coping well with their job and were irregularly at present." (section 4.3.10 Chapter 4).

#### 7.2.10.2 Ageing Employees

In 1998, Oy Dagmar Ab interviewed employers asking their preferred age groups at recruitment (Lonka 1998, section 3.6.6 Chapter 3). Many included into their responses a wide variety of age groups, but a clear emphasis was on age groups under 30 and those between 30-39. In accordance with this, the Ministry of Labour working life barometer (Ylöstalo 2000) suggests that the belief in good employment prospects decreases with age. For those of more than 55 years old only 37% believed in finding a new job in case of redundancy.

As many as 75 survey respondents (90%) declined to provide an affirmative answer to the targeted recruitment of older people, and this was the case with 68 (82%) respondents with regard to offering training possibilities to this group. As noted earlier in this Chapter (section 7.2.7) the average age of employees at the companies tended to be high. Consequently, comments such as "to tell the truth we target the younger ones" or "we are certainly not in any position to try to attract more ageing employees" were presented. Some commentaries also doubted the willingness of ageing people to work, one respondent suggesting that it is probably "the biggest concern of the ageing people is that they would be employed by somebody":

"Ageing people are more likely to sit hands clasped and hope that they would be allowed to go from one benefit to another, and eventually receive their old age pension. That's why there are not too many applicants coming from this group." (section 4.3.10 Chapter 4)

As noted in section 3.4.8.3, Chapter 3 the minimum age for unemployment pension is 60 years. A 55-year-old person can acquire unemployment allowance up to the age of 60, when he/she is eligible for unemployment pension. Unemployment pension is automatically transferred to be an old age pension at the age of 65.

Even if the overall support for these parameters remained low, the survey revealed a few innovative examples related to the recruitment of older people. For example, a service sector respondent, specialised in new technology, explained that at some of their business units the average age is very low, and for this reason it has been considered necessary to recruit more people with longer work experience.

### 7.2.10.3 People with Disabilities

As noted in section 3.4.8.4, Chapter 3 and earlier in this Chapter in section 7.2.8.4 Finland has no quota or preferential employment policies and no special anti-discrimination legislation for disabled people. According to the Ministry of Labour (2000a section 3.3.2.4 Chapter 3) people with disabilities accounted for about 10% of all jobseekers in 1999. Furthermore, the labour market exclusion for this group is on the increase. The number of unemployed people went down by one fourth between 1997 and 2001, but during the same period, the number of unemployed jobseekers with disabilities went up by about 12% (Ministry of Labour 2002a, section 3.3.2.4 Chapter 3)

Employment support for unemployed people with disabilities can be admitted up to 24 months at a time (section 3.4.10.2 Chapter 3). Otherwise the same conditions apply to this group as to the others. This support covers the wage of a work designer. Furthermore, in order to help facilitation of the person with disabilities at work the employer can receive support in order to adopt the working conditions. This, if there is a need for changes or reorganisation with regard to work procedures, equipment or other conditions.

Most of the companies (79, 95%) declined to provide a positive response as regards having defined a policy for promoting the employment of disabled (section 4.3.10 Chapter 4 and section 5.2.10 Chapter 5). Targeting of this group was also rare, the majority of companies (74, 89%) declined to provide an affirmative answer to targeted recruitment of people with disabilities and this was the case with as many as 64 (77%) respondents with regard to offering training opportunities for this group. Several larger companies raised concern of the costs which a big company faces in hiring a person with disabilities, who is likely go on disability pension at an early stage. According to the current legislation, the bigger the company, the bigger share it pays of disability pensions (see section 3.4.8.4 Chapter 3). A company having more than 800 employees on the payroll pays the full disability pension.

Even if the general support for well-defined action in this field remains low, the survey results revealed some innovative examples, particularly with regard to offering employment opportunities to mentally handicapped, both within the manufacturing and the service sector. Three out of six of those were retail trade companies, others represented sectors such as food and drinks, chemical and plastics and mining, metal, and metal products. An example of those reads as follows:

"...I do not know the exact number of the employees coming from the rehabilitation centres; sometimes we have tens of them and sometimes only few. Most of them are coming on a basis of an agreement with a rehabilitation centre and they work as long as they are capable to do this or as long as there are suitable work for them. There are, however, some who had stayed for years and have a regular contract...We pay the salaries and the rehabilitation centre takes care of the other costs. Special work initiators within our company has been trained for this purpose."(section 4.3.10, Chapter 4)

It should be noted that, in general, people with disabilities had been successfully recruited in a variety of industries, including the heavy process industry. This, even if some comments questioned the possibility to find a suitable job for such a person within this sector. Another positive finding was that a number of companies also claimed to have recruited people with physical disabilities "as the best applicants" to IT or other expert tasks.

As previously stated, some doubts, however, were presented, whether the support system is too good and that it kills incentive for people with disabilities to look for a job. Currently, the government response to this has been, in order to make work a more attractive option, to offer people with disabilities an option to 'shelve' their pension for a minimum of six months and a maximum of two years if they find work (see section 3.4.10.2 Chapter 3). An 'incentive allowance' is paid for the time the pension is suspended.

#### 7.2.10.4 Immigrants and Ethnic Minorities

As noted in section 3.3.2.5 Chapter 3, as well as earlier in this Chapter in section 7.2.8.4, the number of foreigners is still low in Finland, even if there has been a comprehensive increase in the number of immigrants during recent years. The unemployment rate for immigrants was 31% in 2000 whereas the corresponding figure for the whole population was 12% (Statistics Finland and Ministry of Labour 2003, see section 3.3.2.5 Chapter 3) Unemployment is high especially among immigrants with a refugee background.

Immigrants are allowed to apply for integration support, which corresponds with the amount of basic employment allowance (section 3.4.8.5 Chapter 3). An Act on Integration of Immigrants and Reception of Asylum Seekers (1999/493) entitles immigrants to an individual integration plan. The plan helps immigrants to strengthen their language skills, vocational skills, working life skills and other factors in integration and they have been prepared through local integration programmes with cooperation between local authorities, employment offices, immigrants' organisations and other NGOs (Ministry of Labour 2002a). In accordance with this, only three respondents mentioned language courses organised by the company.

As many as 77 respondents (93%) declined to provide an affirmative answer to the targeted recruitment of immigrants or ethnic minorities whereas this was the case with 61 (73%) respondents with regard to organising training for this group. Comments presented indicated that generally a good command of the Finnish language was a requirement, especially within the service sector. In future, however, there might be an increasing interest towards immigrants. This was illustrated by a manufacturing sector respondent who ticked 'no, but is included in the future plans' and referred to the predicted labour shortage. He further explained that there has been an on-going discussion within the company over how to attract more immigrants to Finland in the future.

#### 7.2.10.5 Low-skilled

As noted earlier in this Chapter in section 7.2.3 the term low-skilled generated some confusion among the respondents. A number of companies referred to the relatively high educational level of employees in the country (see Appendix E) and consequently questioned the sheer existence of any 'low-skilled' employees. However, even if this parameter generally lacked positive support, an affirmative answer was provided by eight respondents (10%) who stated that they have targeted low-skilled people in their recruitment. Furthermore, 15 (18%) had offered training opportunities to this group. Examples mentioned here covered those who had only carried through the compulsory nine class comprehensive school, those who had started the voluntary tenth class of the comprehensive school, young people who had not succeeded in acquiring any education and people who have had no relevant skills for the company but have been retrained for new tasks.

### **7.2.11 Measuring the Policies**

Measuring the policies, standards or received awards with regard to HRM policies in the workplace are all mentioned in the High Level Group (1998a) on economic and social implications of industrial change report, CSR Europe's voluntary guidelines for reporting as well as by the Business Impact Task Force's (2000a) process steps on reporting.

The survey data indicates that internal measurements were common within the majority of companies (section 4.3.11 Chapter 4 and section 5.2.11 Chapter 5). All the larger companies and 30 (91%) of the smaller companies had interior job satisfaction or work atmosphere surveys in use. External surveys, however, were far more common within larger companies than in smaller companies. Twenty-eight larger companies (56%) mentioned having participated in an external benchmarking whereas the proportion for smaller companies was only six respondents (18%). Most often these would have been used in larger service sector companies (12, 71%). On the contrary, the standards were most common within the larger manufacturing sector companies. Apart from the quality standards, the reference was primarily made to health and safety related standards.

Ten larger respondents (20%) and three smaller ones (9%) mentioned awards related to personnel/HR management. As many as four mentioned the Ministry of Labour good employers' award. The criteria for this award includes the impact of company's operations on employment and its continuity, training and staff development, the significance of the personnel as a resource and development of the working life and working community as a whole (see Ministry of Labour 1992, section 3.5.5.4 Chapter 3).

The fact that not all participants knew that they had been accepted on to Dow Jones Sustainability index or FTSE indicates that these indices are largely considered to be related to environmental criteria rather than to HRM. Furthermore, these indices might not be challenging enough with regard to the strictly regulated labour markets of Finland, and therefore more likely to have a stronger impact on Finnish companies operating abroad.

### **7.2.12 The Public Disclosure of the Companies**

One of the aims of the European business campaign on CSR inaugurated in November 2000 was to encourage companies towards voluntary reporting (see section 2.5.3 Chapter 2). The High Level Group on economic and social implications of industrial change recommended that big companies should produce a Management of Change Report which

should include a wide variety of employment related issues (see Table 2.5 Chapter 2). CSR Europe (2000c) Voluntary Guidelines released at the first European Convention on CSR in Brussels were aimed at promoting companies' social disclosure. Furthermore, the Commission communication (CEC 2001a) for a European Strategy for Sustainable Development, invited all publicly quoted companies with at least 500 staff to publish a 'triple bottom line' in their annual reports that measures their performance against economic, environmental and social criteria.

In Finland, the compulsory legislation on accounting on HRM is largely missing (section 3.4.11 Chapter 3). According to the Accounting Ordinance (1997/1339), only the average number of employees, the wages and salaries, pension costs and other personnel related expenses have to be disclosed in official accounts of the company. Furthermore, the earlier research suggests that personnel related disclosures tend to be small in quantity, focusing on rather general issues and lacking quantitative information (Paukkunen 1998, Eronen 1999, Rokkanen 1999, see 3.5.3 Chapter 3).

The survey data indicated that the large majority of companies disclose some information about their personnel policies in some form of hard copy report (see section 4.3.11 Chapter 4 and section 5.2.11 Chapter 5). This was clearly more common within the larger companies than within smaller ones. Annual reports were the most common tool for reporting (56, 67%) whereas other hard copy reports were rare. The process of collecting corporate publicly available reports further confirmed the survey results (see section 6.3 Chapter 6). Clearly, the size of company is an important factor with regard to whether the company is publishing an annual report or not. Of the larger companies, as many as 75 (95%) sent their annual reports, whereas the corresponding figure to the smaller ones was substantially lower (85, 67%). Another important factor is the ownership of the company. Whereas all quoted companies and all government owned companies sent their reports, the group classified here as 'other limited companies' covering, inter alia, family owned companies, was least likely to produce a report for public distribution.

#### 7.2.12.1 Annual Reports

The themes yielding the highest support in annual reports were the same with regard to the survey data suggested a high level of activity, in particular 'training and staff development' (127, 79%), 'participation and involvement', (108, 68%), pay and benefits' (109, 68%) and 'employee-well-being and work ability' (98, 61%) (see Table 6.9 Chapter 6). Furthermore,



some form of reference to the theme 'values and principles' was made by as many as 106 (66%) of companies. Disclosures, however, remained, patchy, piecemeal and scattered. There was no clear agreement on issues reported. Quantitative performance indicators were rare and not often in a form to enable meaningful comparisons. Softer themes such as 'equal opportunities' and 'work-life balance' yielded low support. Whereas the theme 'employment policy' in general, yielded nearly half of the companies support, references to the integration of different groups experiencing difficulties in labour markets received only random support. Sensitive areas like redundancies were largely ignored or reported with an evasive tone, stressing cost-efficiency of the operations and the subsequent profits acquired by the company of such measures.

The government/municipality owned companies devoted most often a special chapter for personnel (14, 82%) (Table 6.8 Chapter 6). Furthermore, this was more common within the larger companies and within the service sector. With regard to directly HRM related indicators the highest support was received by financial type of information such as 'incentive schemes' (70, 44%) and 'option schemes' (58, 36%), which were referred by the majority of quoted companies. Table 7.4 lists the indicators the support for which reached at least 20%. As many as 21 (23%) out of total 93 principle and process indicators yielded no support.

**Table 7.4 The Principle and Process Indicators Disclosed at Least in 20% of the Annual Reports**

	No.	%		No.	%
<b>Values, principles</b>			<b>Pay and benefits</b>		
Values	63	39	Option schemes	58	36
Mission	42	26	Incentive schemes (results, performance etc.)	70	44
<b>Training and staff development</b>			Shares and options owned by managers	36	23
Principle of life-long learning/continuous learning	34	21	<b>Employee well-being and work ability</b>		
Development discussions	38	24	Support for sport or recreation	36	23
Training aiming at achieving formal qualifications	42	26	<b>Employment policy</b>		
<b>Participation and staff involvement</b>			Positive employer image	32	20
Teams	38	24	<b>Measurement of policies</b>		
Representation of personnel in company administration	44	28	Working atmosphere survey	50	31
			Other internal survey	39	24

With regard to performance indicators the scores were even lower (see Table 7.5). The highest scoring indicator was 'break down by age' (31, 19%), 'break down by gender' following suit (26, 16%). As many as 17 (34%) out of total 50 performance indicators yielded no support.

**Table 7.5 The Performance Indicators Disclosed at Least in 10% of the Annual Reports**

	No.	%		No.	%
<b>Training and staff development</b>			<b>Employment Policy</b>		
Cost of training	21	13	Number of new recruits	19	12
Time spent for training (days/hours)	21	13	<b>Measuring policies</b>		
<b>Security in Employment</b>			Turnover	19	12
Break down by part-time/full-time	27	17	Break down by length of the employment contract	16	10
Break down by fixed term/regular	16	10			
<b>Equal opportunities</b>					
Breakdown by gender	26	16			
Breakdown by age	31	19			
Average age	27	17			

Larger companies outperformed the smaller ones with regard to 74 (52%) indicators out of total 143 indicators. With regard to seven (5%) indicators the scores were even. The service sector outperformed the manufacturing sector with regard to 60 (42%) indicators, with regard to 10 (7%) the scores were even. As many as 38 (27%) indicators received no support.

Two companies, a multinational, quoted energy company (Fortum) and a mutual insurance company (Varma-Sampo), disclosed information with regard to every theme (see Table 6.9 Chapter 6). Fortum has more than 10,000 employees on its payroll whereas Varma-Sampo employs roughly 600. With regard to individual indicators, however, the highest number of disclosed indicators remained as low as 30 (21%) out of total 143. This was reached by Fortum and Outokumpu, a quoted multinational ‘mining, metal and metal products’ company having more than 10,000 employees on its payroll. Only 18 (11%) participants disclosed 20 or more indicators.

Fortum’s main areas of concern were ‘training and staff development’ (6 disclosed indicators) and ‘employment policy’ (6 disclosed indicators). With regard to softer themes, however, Fortum disclosed ‘principle of work-life balance’, ‘principle of non-discrimination’ and also referred to an ‘equal opportunity plan’. With regard to Outokumpu’s disclosure main areas of concern were ‘training and staff development’ (7 disclosed indicators) and ‘employee well-being and work ability’ (6 disclosed indicators). The company did not, however, provide any information concerning the theme ‘security in employment’ or ‘work life balance’. The only indicator related to the theme ‘equal opportunities’ was ‘break down by age’.

The results of the content analysis clearly indicate that ownership of the company has an impact on disclosures. Of those ‘other limited companies’ consisting of privately owned

companies (family owned, those owned by other companies etc.) which sent their reports, only 8 (19%) devoted a special section for employees. This group also disclosed less themes and indicators than any other ownership group (Table 6.10 and 6.24, Chapter 6). Moreover, it also should be noted that more than half (41, 49%) of the companies in the target population, classified as to belonging to this group, declined to send their reports for this research (see Table 6.6 Chapter 6).

With regard to the number of disclosed themes or individual indicators, the variations between individual companies within an industry tended to be bigger than variations between median values for different industries (see Table 6.11 and Table 6.25 Chapter 6). The majority of industries disclosed a median of six to eight themes (out of total 11). Only industries such as construction/materials, electronics, food and drinks and multisector remained less active. The median value of disclosed indicators per industry, in general, varied from 6 to 15 (out of total 143). The median value was lower than that only for two industries: food and drinks and construction/materials.

Eight companies (5%) disclosed no themes or individual indicators and further five (3%) disclosed one or more of the themes but no listed indicators. Furthermore, 45 of the companies (22%) in target population either did not provide an annual report for public distribution or were unwilling to send it for this research.

#### 7.2.12.2 Personnel Reports

Personnel reports were, even if rare, the source of most detailed information with regard to HRM management (see section 6.4, Chapter 6). Only six companies (3%), however, provided a report for this research. All the themes received at least four out of six companies support. Of softer themes, gender and age issues and work-life balance were widely reported in personnel reports.

Indicators like ‘targeted recruitment in order to balance the gender segregation’, however, received only an individual support. Furthermore, ‘sexual harassment’ and ‘bullying’ were referred only by HYY Group, a consumer service company. This company, however, did not specify having any codes of conduct for this purpose. HYY Group also disclosed information about procedures to facilitate the adaptation of immigrants. More comprehensive disclosures related to people with disabilities, however, were completely missing. The indicators which remained completely neglected were those concerning integration of the groups experiencing difficulties in the labour markets, which yielded no

incidents. Table 7.6 presents principle and process indicators which yielded at least half of the reporting companies support.

**Table 7.6 Principles and Process Indicators Disclosed at Least in Half of the Personnel Reports**

	No.	%		No.	%
<b>Values, principles</b>			<b>Employee well-being and work ability</b>		
Values	3	50	Preventive health care	4	67
<b>Training and staff development</b>			G.P services	3	50
Life-long learning/continuous learning	6	100	Special doctor services	4	67
Initial training			Health screening, follow-up	4	67
Development discussions	5	83	Support for sport or recreation	5	83
Personal development plans	3	50	Support for rehabilitation	5	83
Job rotation	5	83	Measurements on individual well-being	5	83
Training aiming at achieving formal qualifications	6	100	Improving the leadership skills and procedures	3	50
Support for employees' studies on their own accord	4	67	Improving the workplace ergonomics	4	67
<b>Participation and staff development</b>			<b>Equal opportunities</b>		
Principle of open/two way communication	3	50	Equal opportunity plan	3	50
Immediate supervisor as a communication channel	3	50	<b>Work-life balance</b>		
Intranet	3	50	Flexitime	5	83
Personnel newsletter	3	50	<b>Employment policy</b>		
Suggestion scheme	4	67	Positive employer image	4	67
Co-operative body	4	67	Traineeships for students	4	67
Work-force meetings	3	50	<b>Measurement of policy</b>		
Trade-union, collective agreements	6	100	Working atmosphere survey	6	100
Teams	5	83	Other internal survey	5	83
Representation of personnel in company administration	3	50			
<b>Pay and benefits</b>					
Incentive schemes (results, performance etc.)	6	100			

Personnel reports provided, more regularly, quantitative information. Only 'cost of training' 'gender distribution' and 'turnover' were, however, disclosed in all six reports. The quantitative information tended not to be in any more comparable form than in annual reports.

**Table 7.7 Performance Indicators Disclosed at Least in Half of the Personnel Reports**

	No.	%		No.	%
<b>Training and staff development</b>			<b>Equal opportunities</b>		
Cost of training	6	100	Breakdown by gender	6	100
Time spent on training (days/hours)	5	83	Breakdown by age	5	83
Perception measures on training	4	67	Average age	5	83
<b>Participation and involvement</b>			Number of women in management positions	3	50
Perception measures in participation/involvement	5	83	<b>Employment policy</b>		
<b>Security in employment</b>			Number of new recruits	5	83
Break down by full/part time	3	50	<b>Measurement of policy</b>		
Break down by fixed/regular	3	50	Working atmosphere index	5	83
Number of internal rotations	3	50	Turnover	6	100
<b>Employee well-being and work ability</b>			Average length of employment contract	4	67
Rate of absence	4	67			
Occupational health costs	3	50			

As many as 44 (31%) indicators yielded no support. The figures for principle and process indicators and for performance indicators were 27 (29%) and 17 (34%) respectively.

A consumer service company HYY Group, owned by the Student Union of the University of Helsinki, and a mutual insurance company Varma-Sampo, both smaller service sector

representatives, disclosed information with regard to every theme (see Table 6.28 Chapter 6). Even the lowest number of themes disclosed, however, accounted for eight out of eleven.

With regard to individual indicators, 64 (45%) disclosed indicators was the highest score and the lowest 32 disclosed indicators. The consumer service company HYY Group, which also disclosed information about every theme, reached the highest score. HYY Group paid most attention to 'employee well-being and work ability (15 indicators), 'training and staff development' (11 indicators), 'participation and staff involvement '(11 indicators) and 'equal opportunities' (9 indicators). HYY Group also paid attention to many of the softer indicators such as 'measures to facilitate the adaptation of immigrants/ethnic minorities', 'flexitime', 'complementary training for those returning on family leave'. However, HYY Group did not disclose any of the indicators related to 'offering employment/training' to disadvantaged groups.

#### 7.2.12.3 CSR Reports

As noted in section 3.1, Chapter 3, the CSR is a relatively new term in Finland. Consequently, social reporting practices are still at an early stage of development. Only four companies (2%) sent their CSR report for this research. These reports did not offer as comprehensive a view of HRM policies as personnel reports but focused, nevertheless on more 'softer' and quantitative indicators than annual reports. Of softer indicators, the indicator, which scored here particularly high was 'number of women in management positions'. Even these reports, however, did not provide disclosures with regard to promoting employment opportunities for disadvantaged groups. The only exception to this, was the energy company Pohjolan Voima's disclosure referring to the "widening age scale in recruitment".

**Table 7.8 Principle and Process Indicators Disclosed at Least Half of the CSR reports**

	No.	%		No.	%
<b>Values, principles</b>			<b>Security in employment</b>		
Values	4	100	Long, secure contracts	2	50
Vision	2	50	<b>Employee well-being and work ability</b>		
Ethical/SR principles	2	50	Preventive health care	3	75
<b>Training and staff development</b>			Training, advice on health issues	2	50
Life long/continuous learning	2	50	Support for sport and recreation	4	100
Development discussions	3	75	Support for rehabilitation	2	50
<b>Participation and staff involvement</b>			Health and safety training	2	50
Principle of open/two way communication	3	75	<b>Equal opportunities</b>		
Intranet	2	50	Principle of non-discrimination/equal opportunities	4	100
Personnel newsletter	2	50	Equal opportunity plan	3	76
Co-operative body	3	75	<b>Employment policy</b>		
Work-force meetings	2	50	Positive employer image	2	50
Trade-unions/collective agreements	2	50	Traineeships for students	3	75
Representation of personnel in company administration	2	50	<b>Measurements</b>		
<b>Pay and benefits</b>			Working atmosphere survey	3	75
Incentive schemes (results, performance etc.)	2	50	Other internal survey	3	75

CSR reports provided more regularly quantitative information than annual reports. Only ‘gender distribution’ was, however, disclosed in all four reports.

**Table 7.9 Performance Indicators Disclosed in at least Half of the CSR reports**

	No.	%		No.	%
<b>Training and staff development</b>			<b>Employment policy</b>		
Cost of training	2	50	Number of traineeships	2	50
Time spent for training (days/hours)	3	75	<b>Measurement of policy</b>		
<b>Employee well-being and work ability</b>			Working atmosphere index	2	50
Number of occupational injuries	3	75	Turnover	2	50
<b>Equal opportunities</b>			Standards	2	50
Gender distribution	4	100	Ethical funds	2	50
Average age	3	75			
Number of women in management positions	3	75			

As many as 78 (55%) indicators yielded no support. The figures for principle and process indicators and for performance indicators were 47 (51%) and 30 (60%) respectively. Only Kesko, a quoted wholesale trade/retail trade company, employing more than 10,000 disclosed information with regard to every theme (see Table 6.1 Chapter 6). This company, in accordance to its report, claimed to have followed GRI guidelines (see Appendix D). However, the highest number of disclosed indicators remained only 39 out of 143. This was again reached by Kesko. Kesko’s main attention was in ‘measurement of policies’ (7 indicators), ‘equal opportunities’ (six indicators), and in ‘employment policies’ (six indicators). Kesko also disclosed a number of softer indicators, such as ‘number of women in management’, ‘equal opportunity plan’, ‘principle of combining work and leisure in balance’ and ‘encouragement for men to use their family leave options’. However, Kesko did not disclose any of the indicators related to ‘offering employment/training’ to disadvantaged groups.

The lowest score was five disclosed themes. However, this company, an energy sector representative Fortum, explained in its report, that in this year, the major part of the CSR information has been published on a corporate website. With regard to disclosed indicators the lowest score was 20 indicators, accounted for the same company.

### **7.3. FINNISH CORPORATIONS AND THE EUROPEAN COUNCIL APPEAL ON CORPORATE SOCIAL RESPONSIBILITY**

Here, the themes are reorganised in order to see how Finnish companies perform in relation to the European Council appeal (2000a) for CSR on the following themes:

- life-long learning,
- work organisation,
- equal opportunities and
- social inclusion.

The title ‘work organisation’ covers here the following themes: ‘security in employment’, ‘employee participation and involvement’, ‘work-life balance’, ‘employee well-being and work ability’. Since the focus is on internal policies of the companies, social inclusion is covered by this research only when it comes to internal practices of the companies, i.e. recruitment and employment of the groups experiencing difficulties on the labour markets.

It should be noted, that the themes mentioned in the Council appeal also are interrelated with the four pillars of the European Employment Guidelines (see section 2.2.4, 2.6.1 and 2.6.2 Chapter 2, Appendix C). The pillars most closely related to this research are ‘employability’, ‘adaptability’ and ‘equal opportunities’. Employability relates both to life-long learning and social inclusion since it refers to the training of the company’s own workforce in order to promote their future possibilities either to remain employed by the company or, in case of redundancies, to find a job outside of the company as well as promoting employment and integration of disadvantaged groups from labour markets. Adaptability is an important character of the work organisation and refers to balance between flexibility and security, training and staff development, work-life balance and employee well-being. Equal opportunity was one of the issues documented explicitly in the European Council appeal and also an independent pillar of the employability guidelines.

### 7.3.1 Life-long Learning

Especially the larger companies showed a good degree of adaptability in terms of educating their workforce to meet the changing demands of the markets (section 4.3.4 Chapter 4). They also had paid attention to broadening the skills of employees by job rotation as well as updating their skills, for example, by supporting training aimed at achieving formal qualifications and have thus improved both the company's as well as their individual employees' adaptability should they change their job within the company or in case they are left without work. Judging by the fact that development discussions and individual development plans were also commonly in use, the employees also have been able to have an impact on their own professional development. The importance of training and staff development was further endorsed by the fact that it was the most reported theme in annual reports (127, 79%) and all personnel and CSR reports made a disclosure with regard to it.

The survey results suggested that all larger companies and the majority of smaller companies support life long learning (see section 4.3.4 Chapter 4 and section 5.2.4 Chapter 5). This was further confirmed by the fact that it was also one of the most documented indicators, disclosed in 34 (21%) annual reports, all personnel reports and half of the CSR reports. With regard to individual reports, the highest score, related to training and staff development, was 11 (79%) disclosed indicators in personnel reports, seven (50%) in annual reports, and four (29%) in CSR reports. The highest scoring indicator in annual reports was 'training aiming at achieving formal qualifications' (42, 26%). Indicators such as 'principle of life-long learning' and 'cost of training' were reported in all the personnel reports. Three out of four CSR reports disclosed 'development discussions' and 'time spent for training'.

Despite of relatively high level of activities in this field, especially with regard to larger companies, certain problem areas prevailed. A few comments in interviews indicated that companies' tended to stress the 'internal employability' of an employee, thus aiming at securing adaptable and multiple-skilled employees for the company itself. This suggests that less attention is paid to employability of an employee likely to leave the company. The content analysis of corporate public documentation further revealed that none of the reports disclosed the principle of educating an employee in order to secure his/her future employability. This raises a further doubt over whether the principle had actually been seriously adapted by the companies.



Furthermore, the survey results indicated lower support, especially in smaller companies, for softer parameters, such as special measures for training and guidance of older employees and low skilled. These issues also were largely neglected in corporate public disclosure. A further concern is the position of employees with an atypical contract. As noted in section 7.2.6.1 earlier in this Chapter, employees with fixed term, part-time or temporary contracts did not, in general, participate in equal conditions with other employees in training. With an increasing number of atypical contracts, this produces a concern over this group continuous employability in the quickly changing job markets with increasing performance-related requirements. It should also be noted, that majority of employees with atypical contracts are women (see section 3.3.2.2 Chapter 3) and therefore the issue also has an impact on equal opportunities between genders. The fact that the treatment of these groups was given almost no attention in corporate public disclosure, further indicates that it is not currently high on the corporate agenda.

### **7.3.2 Work Organisation**

The importance of modernisation of the work organisation was endorsed by the Luxembourg Job Summit (1997) which made adaptability and the renewal of the organisation of work one of the four pillars of the employment strategy (section 2.3.2 Chapter 2). Sisson (1999, section 2.3.2 Chapter 2) suggests, on the basis of the European Commission Green Paper: Partnership for a New Organisation of Work (CEC 1997) and other published European documents such as the High Level Group report on Management of Change (CEC 1998a) that in a nutshell 'the New European Social Model' seeks to combine flexibility with security of employment and education and training, and direct participation ("empowerment") of individual employees with the indirect participation ("partnership") of employee representatives. The outcomes are the virtuous and reinforcing circle of quality people, quality of goods and services, competitiveness and 'good' jobs (CEC 1997).

As stated in the Green Paper: Partnership for a New Organisation of Work (CEC 1997) employers need greater flexibility in order, in particular, to cope with fluctuations in demands for their goods and services. They are often looking for interchangeable skills and adaptable working patterns including working time arrangements.

With regard to individual employees, this is reflected back by increasing requirements for skills and knowledge at work and at the same time - increasing insecurity at work. The

interviews and postal survey indicated high degrees of devotion by Finnish companies with regard to participation and involvement, incentive systems as well as activities related to employee well-being and work ability. All these themes were well documented in annual, personnel and CSR reports.

#### 7.3.2.1 Employee Involvement

The theme 'employee participation and involvement' scored high both with regard to the company practices and disclosures. All the personnel, three out of four CSR reports and the majority of annual reports (108, 68%) made a reference to this theme. The Finnish system already guarantees employees indirect participation in terms of social dialogue between trade unions, employer's representatives and government (see section 3.4.1 and 3.4.2, Chapter 3). The rules for labour markets have been set in collective negotiations between the employees' and employers' organisations since the 1940's. Tripartite income policy agreements, between government and labour market parties, cover not only wages but also employment policy and developments in working life, promotion of equality between men and women by harmonising the demands of work and family life, benefits and contributions to social welfare and pension schemes, taxation and the principles of good practice in the labour markets. Furthermore, as noted in section 3.4.4 Chapter 3, and earlier in this chapter in section 7.2.4 the regulative system covering the area is comprehensive. In line with the strong supportive framework, survey results indicated that the majority of companies had in use a shop steward system, regular meetings with co-operative bodies, regular workplace meetings, teams and suggestion schemes. Finally, with few exceptions, all staff categories were informed about the strategy and financial performance of the company.

With regard to public documentation in individual reports, the highest amount of indicators related to the theme was 11 (61%) in personnel reports and seven (39%) in both annual and CSR reports. All the individual indicators received low support in annual reports, 'representation of personnel in company administration', based on the Employee Representation in Company Administration Act, scoring the highest (44, 28%). All the personnel reports referred to 'trade unions or collective agreements' and three out of four CSR reports documented 'principle of open/two way communication' and 'co-operative body'. Indicators such as 'ratio of recognised trade unions to existing trade unions' did not yield any support. This indicator, however, bears little relevance for Finnish corporatistic labour markets, characterised by high unionisation rates of both employees and employers

and collective agreements which are binding to all employers in the field and must also be observed in the employment of non-unionised workers unless they are specifically excluded under the terms of the agreements (section 3.4.2 Chapter 3).

#### 7.3.2.2 Pay and Benefits

As noted in Chapter 3, section 3.4.5 and earlier in this Chapter section 7.2.5 wages are determined by a corporatistic bargaining system and collective agreements in Finland. Result-based pay was the incentive system yielding the highest support in the survey and was in use for all staff categories within the majority of companies (50, 60%). Recently, discussion in Finnish daily newspapers on the option schemes of management as a factor increasing inequality of incomes has been active (see section 3.6.2 Chapter 3). The survey results suggest that whereas the majority of quoted companies offered option schemes to their staff, these schemes rarely covered all staff categories. The analysis of corporate public documentation, however, indicates that as a response to public criticism, as many as 36 (51%) of 71 quoted companies had adapted more open policies with regard to the matter and consequently disclosed the shares and options of their individual managers in their annual reports.

All the personnel and the majority of annual reports (109, 68%) made a reference to this theme. Interestingly, with regard to individual reports, the highest amount of disclosed indicators was in the annual reports, the score being four (44%). In annual reports the highest support was received by the indicator 'incentive schemes' which were also disclosed by all personnel reports. Indicators such as 'spread of wages' and 'pays and conditions compared against local equivalent averages' yielded no support. With regard to the last indicator, it should be noted that it bears little relevance for the Finnish labour markets where the wages are, by and large, determined by the collective bargaining system.

#### 7.3.2.3 Flexibility vs. Security

As noted in the section 3.6.4 Chapter 3 Finnish working life has recently developed in a contradictory way. Strömmer (1999), for example, argues that at the same time as the opportunities for training and participation have increased, the employees have been under more pressure as also the insecurity and demands for productivity have increased, and the rhythm of work has become more intense.

Survey results indicate that employees can hardly rely on lifetime jobs. This is manifested by the fact that as many as 40 (80%) respondents of large companies and as many as 16 (48%) of the smaller ones had reduced their workforce during 1999-2001. Furthermore, atypical employment contracts were commonly in use. At as many as 26 (35%) out of total 74 organisations which provided this figure, the share of fixed term contracts was 10% or more. The survey also revealed a considerably high proportion of part timers (up to 75%) within the service sector, especially within female dominated retail trade companies. The number of employees with atypical contracts was widely reported within the service sector with as many as 25 (37%) disclosing the number of part-timers and 12 (18%) disclosing the number of those with fixed term contracts. As noted in section 3.3.2.2 Chapter 3 and earlier in this Chapter in section 7.2.9, due to the comprehensive daycare system, childcare is not the primary reason for part time work of women and it tends not to be a voluntary choice. Furthermore, the survey results also indicated that atypical workers are not necessarily in the same position with other employees with regard to company training. As noted earlier in section 7.3.1 this Chapter, public disclosures related to treatment of this group were largely missing.

A positive survey finding was that dismissals were seldom used alone, but accompanied with additional measures, such as natural wastage, transfers to other tasks and early retirements. However, disclosures on staff reductions were, in general, vague, evasive, stressing the cost-efficiency and positive impact of redundancies on turnover. Even if the survey results indicated that especially larger companies implemented a variety of support systems for redundant employees, 'professional support for redundant employees' was one of the softer indicators, which was not documented in any of the analysed hard copy reports. Four out of six personnel and three out of four CSR reports disclosed the theme 'Security in Employment'. The figure for annual reports was 61 (38%). With regard to individual reports, the highest amount of indicators reported was seven (70%) in personnel reports, four (40%) in annual reports, and two (20%) in CSR reports. The indicator which received the highest support in annual reports 'break down by full-time/part-time', disclosed most actively by the service sector companies. As noted earlier, the number of part-timers tended to be high especially in retail trade industry. Half of the personnel reports disclosed number of part-timers, employees with fixed term contract and number of internal rotations. In addition, the principle of long secure contracts was disclosed by two out of four CSR reports.

In the light of continuing redundancies, the model presented by Commission on its Green Paper 'Partnership for a New Organisation of Work' (1997) based on on principles of incorporating high levels of worker involvement and striking the right balance between flexibility and security (see CEC 1997, section 2.3 Chapter 2), by for example, increasing employees' opportunities for flexitime in order to balance their private commitments and work, might well be too optimistic. This was confirmed by the survey question asking means implemented when reducing the workforce (total number of hours/employees). Only a few companies provided an affirmative answer to the option 'increasing employees opportunities to choose more flexibility into their working time'. Individual comments in interviews further suggested that increasing flexibility in favour of employee's private commitments is not working in a situation where redundancies are anticipated.

#### 7.3.2.4 Employee Well-being

Employee well-being and work ability have recently been paid particular attention in Finland. Importance of these issues is manifested by a special programme to promote 'well-being at work' launched by the government in November 1999. In accordance with the Government proposal (2001a) for the new Occupational Health Care Act, identifies new challenges, raised in importance especially in 1990's, to be increase in mental workload and problems related to the working atmosphere. In many professions, these challenges are related to the rapid change of working life and adaptation to new technology.

The survey results indicated high level of activities in this field, a number of parameters receiving more than 80% positive support (see Table 7.3). Disclosures related to the theme were also scoring high, as many as 98 (61%) annual reports, all personnel and CSR reports disclosing the theme. Number of indicators disclosed in individual reports accounted at highest for 16 (48%) in personnel reports, and 8 (24%) in CSR reports and 8 (24%) in annual reports. The highest scoring indicator in annual reports was 'support for sport or recreation (36, 23%). This indicator received all the CSR reports and five out of six personnel reports support.

Regardless of the fact that 'exhaustion at work' and 'work- related burnout' have been widely discussed in Finnish daily newspapers and paid attention to by Finland's President in her first new year speech (Halonen 2001, see section 3.6.4 Chapter 3), support for 'alleviating rush and time pressure' remained low. This, even if a number of comments in

interviews suggested that employees tend to be busy. Only two smaller companies, Lahti Energy (energy) and Ilmarinen (insurance) disclosed information about this in their annual reports. Lahti Energy has made an effort to decrease the overload of the personnel by using the other group companies' workforce or external workforce. Ilmarinen referred to the results of an internal survey indicating that area where improvements are needed is alleviating time pressure and rush. In addition, Ilmarinen referred to the results of this internal survey in its personnel report and explained that in order to tackle the problem more personnel has been hired.

A positive survey finding, was however, that professional support for employees' mental problems scored up to 53 (64%). Interviews further revealed innovative examples such as psychological counselling to individual employees or addressed to solve particular problems within the working communities. The examples of counsellors were an occupational health nurse, a psychologist visiting the factories and a priest with therapeutical qualifications.

#### 7.3.2.5 Work-life Balance

Survey results showed low support for the majority of the parameters related to the theme 'work-life balance'. This low support was also reflected in the corporate public disclosure. Even if five out of six personnel reports disclosed the theme, the support for it remained particularly low in annual reports (7, 4%). With regard to CSR reports, only one out of four reports disclosed it. With regard to individual reports, the highest number of indicators was in personnel reports three (33%), in CSR reports two (22%) and in annual reports one (11%).

As noted in section 3.4.9, Chapter 3 and earlier this chapter in section 7.2.9, work-life balance is one of the issues in which the public sector contribution is strong. Length of combined maternity and parental leave is more than ten months and earning related allowance accounts for 70% of earlier salary. An employee is also permitted to have care leave of varying length or the possibility of part-time work and still return to his/her earlier job. Furthermore, a comprehensive, affordable child care system is organised by local authorities. Support for these issues which are on the public sector responsibility were almost completely lacking in the survey. Correspondingly, none of the hard copy reports documented the indicators such as 'better maternity/parental leave benefits' or 'support for childcare'.

A variety of forms of flexible working times were generally applied in both the larger and smaller companies. As many as five out of six personnel reports referred to flexitime. This indicator, however, did not receive much support in annual reports. The individual comments in interviews suggested that flexible working hours were not always applied by the company because of the employees' need to balance their private commitments with work but because of the company's own needs for flexibility. This doubt was further confirmed by the fact that the attitudes were hard, especially in the smaller companies, with regard to flexibility towards employees' hobbies or voluntary work. As many as 17 (52%) of those stated that they had 'not much possibilities' to be flexible with regard to employees' hobbies or with regard to voluntary work of the employees 16 (48%).

### **7.3.3 Equal Opportunities**

In Finland, discussion on equal opportunities has traditionally been focused on equality between genders. More recently, along with the worsening ageing problem, increasing attention is being paid to equal opportunities and coping at work of the older people. The number of immigrants has traditionally been small, and the national labour market relatively cohesive in this respect. Recent developments, however, indicate that this is to be changed, since the number of immigrants is rapidly increasing.

Even if it is, in accordance with Act on Equal Opportunities between Genders (1986/609), a legal obligation of companies to provide an equal opportunity plan, as many as 17 (34%) of larger ones declined to provide an affirmative answer to this question and the score of non-affirmative responses was as high as 24 (73%) within the smaller companies. Survey interviews revealed that companies tended not to regard equal opportunities as an important issue or took it as self-evident, an area which might need some action in some other countries but not in Finland. According to the Statistics Finland equality barometer (Melkas 2001, section 3.6.5 Chapter 3), however, equality between different genders is still far from being reached. As many as 58% of female employees feel that gender is an obstacle at least in some work-related matters. Most frequently these matters include pay, advances at work and sharing work pressures.

The existing equal opportunity plans most often forbade discrimination with regard to gender. However, corresponding with the worsening ageing problem in Finland, as many as 26 (62%) mentioned discrimination with regard to age. Interestingly, in annual reports, companies made far more references to age than to gender. In the survey, all the process related parameters received low support. As many as 52 (63%) companies declined to

provide an affirmative answer with regard to monitoring any of the listed groups; women, older people, ethnic minorities, different nationalities or people with disabilities in recruitment, training or promotions. The majority did not have a code of conduct for sexual harassment or code of practice to deal with discrimination cases.

In annual reports, reporting on these issues remained poor, only third (55, 34%) of these disclosing the theme. A positive finding was, however, that all the personnel and CSR reports did report on equal opportunities. In general, reports focused on age and gender distribution, whereas further measures to promote equal opportunities for genders, older people or integration of groups such as immigrants/ethnic minorities and people with disabilities received only random support or were altogether missing. With regard to individual reports, the highest number of disclosed indicators was nine (41%) in personnel reports whereas the highest individual score in both CSR and annual reports was 6 (27%).

Personnel and CSR reports disclosed information about age and gender issues more frequently and also provided a more comprehensive picture of company policies in terms of 'principle of non-discrimination' and 'equal opportunity plan'. Three out of four CSR reports also disclosed the number of women in management positions. Sensitive issues, such as code of practice for sexual harassment and bullying were, however, missing altogether.

#### **7.3.4 Social Inclusion**

A considerable number of companies had offered training possibilities to university and college leavers and students, and also targeted them in their recruitment process and thus can be regarded as facilitating the transfer from school to working life. However, the same did not apply to targeted recruitment of the long-term unemployed, immigrants/ethnic minorities, people with disabilities and the low skilled. As many as 65 (78%) companies declined consistently to provide affirmative responses for targeted recruitment of the long-term unemployed, immigrants/ethnic minorities, people with disabilities and the low-skilled. Furthermore, this was the case with 41 (49%) companies with regard to offering training opportunities to any of these groups. As noted earlier in section 7.2.10, this Chapter, a positive finding was that although this was a minority approach, where there still a number of systematically planned projects, implemented in co-operation with the public sector. This, in particular, with regard to recruitment of the people with disabilities.



'Employment policy' was a theme disclosed by close to half of the annual reports, five out of six personnel reports and three out of four CSR reports. With regard to individual reports, the highest number of indicators was 6 (43%) in personnel reports, CSR reports and annual reports. Even if the recruitment in general was paid attention to by a number of reports, integration of groups facing difficulties in labour markets was hardly an issue. With regard to annual reports, only a multisector company Incap disclosed information on an employment course organised in collaboration with labour authorities, and the retail trade company Pohjois-Karjala Co-op Retailer on recruitment of people with disabilities. In personnel reports, no reference was made to integration of disadvantaged groups and in CSR reports the only disclosure was energy company Pohjolan Voima's vague reference to "widened age scale" in recruitment.

## **7.4 LESSONS LEARNT**

### **7.4.1 Social Responsibility – a Corporate or Government Issue?**

The impacts of strong public sector guidance, a corporatist bargaining system, strict regulation and collective agreements were notable when exploring themes such as 'participation and staff involvement', 'employee well-being and work ability' or 'work-life balance'. Both the interviews and postal survey revealed considerable similarities between respondents with regard to these themes.

As noted in section 3.4.4.2 Chapter 3 the Act on Co-operation within Undertakings (1978/725) stipulates a wide range of issues for which staff have to be informed. As a consequence, both the interviews and the postal survey suggested that the large majority of companies had a comprehensive set of communication methods between staff and management available. The typically Scandinavian (see section 3.4.1 Chapter 3) high trade union membership rates were manifested by the fact that the shop steward system was in use in practically every company. Furthermore, 'work ability' is mentioned in law and collective agreements, and given special emphasis by the new Health Care Act which entered into force in January 2002. In accordance with this, the survey revealed a full set of activities implemented by the companies in this field.

The low support for certain parameters such as 'work-life balance' and 'integration of disadvantaged groups on labour markets' can also be explained, at least partially, by the strong role of the public sector or the prevailing regulations. As noted earlier in this

Chapter, section 7.2.9, Finnish legislation provides relatively generous government paid maternity/paternal allowances and family leave system and a comprehensive, affordable daycare organised by municipalities (section 3.4.9 Chapter 3). Therefore, activities such as 'better maternity or paternal leave advantages than stipulated in law and collective agreements' or 'free or subsidised child care' in the section 'work-life balance' yielded only random support and none of the corporate reports referred to these. The traditionally strong role of the public sector as a provider of support systems was also referred to by several respondents in interviews, in the context of questions related to integration of disadvantaged groups from labour markets. The following comment illustrates the attitudes:

"The questions in this section would be more suitable for a survey addressed to the English companies. In Finland, it is the society who takes care of the disadvantaged groups."(section 4.3.10 Chapter 4)

However, the conversation about globalisation, deregulation and diminishing welfare state services has been going on in Finland as well as in many other countries (Pierpaolo 1992; Wheeler and Sillanpää 1997, Chapter 1). In the early 1990's Finland was severely hit by an economic recession (see section 3.3.2.1 Chapter 3), which left large segments of the population unemployed and reduced the tax revenues. The recession caused cut-backs in state and municipal services, especially in social and health care branches and increased redundancies. The economic recession also raised demands for deregulation and decentralisation of the collective bargaining system.

The potential role and additional value for CSR could be, in view of increasing demands for flexibility to show that companies, if provided more freedom, are also willing and capable to take more responsibility. Care should be taken, however, that CSR is not used as a weapon by those who are in favour of diminishing welfare services and deregulation. Private sector companies are hardly likely to be willing, or even capable, of producing universal services, equally to every citizen and in both favourable economic situation and in recession. This concern is illustrated by Kuvaja (2000, section 3.2.1 Chapter 3, translation by the author of the thesis):

"What happens if a company's sales go down and it no longer can afford to offer services to its employees? Who is then taking the responsibility?....How about those without a job, who is taking care of them?"

## 7.4.2 Companies

As noted on several occasions, CSR in the HRM field is strongly supported by government legislation and by a comprehensive collective bargaining system. Neither the collective agreements nor the legislation, however, have been created in the absence of companies. In general, labour legislation is negotiated at first between labour market organisations and the government and only afterwards taken into legislation (section 3.4 Chapter 3). Companies participate in this through employers' associations, and thus share the responsibility of creating higher labour standards. This can be regarded as one special form of CSR.

In this strict framework, the role of voluntary action has traditionally been small. However, as noted in section 3.4.2 Chapter 3 the dominance of trade unions, and the whole collective bargaining system have been under evaluation and discussion. Many collective agreements are increasingly open to local negotiation on hours of work and other terms of employment. This means that the system is already heading in the direction of letting individual companies take more responsibility on a wider range of issues in the HRM field. In the light of these developments, CSR might have an increasingly important role in replacing the widening gap in this field.

The overall findings of the interviews and the postal survey, as well as the content analysis of the reports, indicate a high degree of responsibility with regard to 'training and staff development' especially at larger companies, 'participation and staff involvement' and 'employee well-being and work ability' in both groups. However, the hard line taken by companies towards adapting flexible working time with regard to employee hobbies and voluntary work, as well as low support for survey parameters such as 'alleviating rush and time pressure' and 'surveys on work-life balance' or disclosing information on the theme in general in their public documentation, indicate that companies need to pay more attention to a proper balance between work and private life commitments. The survey also suggested a high level of insecurity in employment contracts. This, taken the considerable number of companies which had carried through redundancies during 1999-2001. Furthermore, the survey results revealed a low level of activity with regard to promoting equal opportunities. A number of participants simply regarded the equality issue as self-evident, something, which has been already solved in Finland. A parallel attitude problem seemed to apply to producing codes of conduct for sexual harassment, an issue which had apparently been treated more as a joke within some companies. An additional neglected

area was integration of disadvantaged groups, with the survey results and individual comments indicating that the majority of companies are simply recruiting "the best and most competent" employees. Taking the comprehensive public sector support system established in order to promote employment, one area of further research could be to identify and explore the obstacles for recruitment of the disadvantaged groups within the companies.

The earlier studies indicate that the importance of employee related public disclosures has not been fully recognised (Paukkunen 1998, Eronen 1999, Rokkanen 1999, section 3.5.3, Chapter 3). The changes in a company's market value seemed to primarily follow economic indicators. In accordance with the research, an abundance of information on HRM actually would decrease the market value of a quoted company. In light of earlier research, it is not surprising that the content analysis of corporate public documentation revealed disclosures to be, in general, patchy, piecemeal and hardly in a comparable form. There is a clear need to reach an agreement, especially with regard to quantitative indicators, in which form the information is disclosed and what is the basic unit for disclosure (company group, parent company, subsidiaries, a specific country). Commonly agreed guidelines and criteria for measurement, reporting and assurance at the European level could provide more consistency between disclosures.

Further concern was the evident lack of attention to softer indicators. This was particularly persistent with regard to annual reports, but applies equally to personnel and CSR reports. Personnel and CSR reports, for example, lacked almost completely disclosures related to integration of disadvantaged groups from labour markets. As noted in section 3.5.3 Chapter 3, the dominant approach to reporting in Finland has been the one advocated by the Human Resource Accounting school. Harte (1988), for example, argues that the major impetus for the development of this school has been a desire to improve managerial decision-making. Consequently, the influence of scientific management principles seeking to make the most efficient use of all resources, including human resources, is noticeable in this approach (Gray et alia 1996). Even if the efficiency requirements of the HRA school could well have influenced corporate annual reports and personnel reports, this should, however, not be the case with the 'new wave' of CSR reports where a softer view could be expected. Nevertheless, these reports, in general, presented equality as a principle, but lacked explicit means to implement this. Furthermore, three out of four did not refer to work-life balance or having offered training/employment opportunities for any of the disadvantaged groups.

Finally, a notable problem, undermining the value of the disclosure, was that none of the personnel reports, CSR reports or personnel sections of the annual reports, where the main part of disclosures were located, was verified by an independent source. However, in this context it should be noted that in current absence of legislative guidelines, agreed standards, or even generally accepted best practice for verification, the quality of verification statements vary from meaningful, impartial and rigorous to the downright useless (GRI 2000, Scott 2000). Therefore, there is once again an evident need for a common approach and transparency of verification process needs to be established.

As noted on several occasions CSR reporting was still at an early stage of development, when the content analysis of the corporate public documentation was conducted. Therefore, further research would help to indicate at what level and degree Finnish companies are to adopt CSR reporting practices as well as possible improvements in the quality and quantity of disclosures. Taking into account that as many as 45 (22%) of the 205 biggest Finnish companies did not send any hard copy reports for this research (see section 6.3.2 Chapter 6), another interesting area of future research could be the disclosures on company's websites. As argued by Jones et al., (1998) the internet has been shown to be effective in making data more relevant and embraces all of the beneficial characteristics that are displayed only selectively by more traditional media. It also has the flexibility of enabling such a multi-user approach with information tailored towards each user category without the added expense involved in producing separate paper versions (Ollier 1996). Survey results suggested that as many as 22 (44%) of the larger companies disclosed information about their HRM policies on the web, and the corresponding figure for the smaller ones was seven (21%) (see Table 4.92 Chapter 4 and 5.84 Chapter 5). Furthermore, nine (18%) of the larger companies intended to do this in future, the corresponding figure for smaller companies being four (12%). However, only five of those who did not disclose information in any hardcopy form were currently either disclosing through the Internet or planning to do so in the future.

### **7.4.3 Public Sector**

In Finland, the State role in developing labour markets together with industry associations and trade unions has been traditionally strong (Chapter 3). Labour legislation is generally strict and leaves much less space for company's voluntary action compared to many other countries. Whereas this research focused on Finnish companies operating in Finland, the focus of further research could be, whether the strong government sector input causes a certain kind of inertia for Finnish companies operating in other countries, or alternatively,

whether the good practices in Finland are exported elsewhere with corporations capable and willing to take the lead into their own hands?

In general, the strict legislation promotes implementation of CSR in practice. In certain areas, however, as in the case of employment of disabled people, the legislation in force can be regarded as a hindrance. Whereas the current legislation (section 3.4.8.4 Chapter 3) provides an incentive for larger companies to make every effort to rehabilitate those employees whose physical or mental condition has decreased when having an employment contract with the company, it also provides a strong disincentive towards recruitment of people with disabilities outside of the company. The managing director of the Finnish Association of People with Mobility Disabilities Raimo Lindberg (1999) suggests as a solution that pension insurance companies should establish a common fund which would bear the responsibility of the pension costs of those people with disabilities, which had to go on an early disability pension. This would make it less risky for a private employer to offer a job for a person with disabilities.

In interviews, also doubts were presented whether the people with disabilities are actually willing to apply for a job, taken the relatively generous pension system. The government response to this has been, in order to provide incentives for people with disabilities, to permit them to 'shelve' their existing pension for a maximum period of two years during which they can seek to enter into training or employment without losing the entitlement to return to their previous pension (CEC 2000f, section 3.4.10.2 Chapter 3). So far, however, this law covers only the basic pension scheme and is suitable for individuals with no earnings-related pensions accrued. Partly as a result of this provision, the use of this option has been limited (op.cit.).

The literature review (see Chapter 3) suggests that because of the strict regulative framework, perhaps there has been no recognised need to apply any legislation with regard to a company's public disclosures. In 1999 the Finnish government, however, committed itself to promote the preparation of personnel accounts on the basis of voluntarism (see section 3.4.11 Chapter 3). It could be argued, however, that if at least some companies have made a decision to disclose information on their personnel policies then it must clearly be feasible to report such information, even if this would be on a compulsory basis. This, at least with regard to the bigger companies in Finland.

Incorporating some central indicators into the legislation, such as ‘number of occupational injuries’ or ‘training costs’ would also promote disclosures by privately owned companies. The earlier research indicates that Finnish companies educate their staff more than companies in the other European countries (see Figure 3.5 Chapter 3). This, and the good survey performance of the majority of companies suggests that disclosing some quantitative performance indicator with regard to the matter should not cause a problem. In some more problematic areas, the indicators such as ‘gender distribution’ was widely reported. Furthermore, ‘number of women in management’ was disclosed in the majority of CSR reports and in half of the personnel reports. The relatively modest requirement of, for example, the FTSE4 Good Index (2001, see section 3.5.4 Chapter 3) is that more than 10% of managers are women. Depending on how ‘a manager’ is defined, the survey results indicated that this would be roughly achievable for the majority of the Finnish companies participating in this research (see Tables 4.69 and 5.66 Chapter 4 and 5). This, at least with regard to their home country, Finland. However, the disclosures related to gender distribution should, in accordance with the Act on Equal Opportunities between Genders, in order to be useful, be accompanied with measures to promote balanced gender structure, if appropriate.

Recently, the State has taken action on a more voluntary basis, promoting actively the development of worklife by its various programmes, such as the National Workplace Development Programme, Well-being at work programme and the programme on Ageing workers (see section 3.5.1 Chapter 3). The public sector has also been involved in promoting employment opportunities for people experiencing difficulties in the labour markets by subsidised employment (see section 3.4.10 Chapter 3) and by various projects funded together with the European Social Fund (see Ministry of Labour 2003c). Furthermore, according to the Employment Act (1987/275) local authorities are obliged to organise for the long-term unemployed an employment opportunity for ten months. The public sector has also promoted various experiments such as job alternation leave (see section 3.4.9.4 Chapter 3) where an employee can be off from work for a maximum one year and will receive 70% of the earnings-related unemployment benefit. The employer has to agree with the job alternation leave and has to hire an unemployed person for the leave period.

With regard to measures aimed at explicitly promoting CSR, it should be noted, that the incentive for setting up the Finnish Business & Society group came from the public sector (see section 3.5.2 Chapter 3). The group was set up and is currently co-ordinated by the

Finnish National Research and Development Centre for Welfare and Health (STAKES). However, currently other measures aimed at explicitly promoting CSR are largely missing. Finland has, for example, no explicit national provisions on the pursuit of social policy goals in public procurement (pers.comm. Immonen 2003). Furthermore, there are no obligations for occupational pension schemes and retail investment funds to disclose whether and how they take into account social, environmental and ethical factors in their investment decisions (pers.comm. Peltola 2003). In accordance with Jorma Immonen from the Ministry of Trade and Industry (pers.comm. 2003) however, an early draft concerning public sector actions with regard to CSR is under preparation.

#### **7.4.4 European Level**

The aim of the Community social policy has traditionally been to create a common playing field for the member states in terms of regulations (see Chapter 2). For a country like Finland, with relatively strictly regulated labour markets, minimum labour standards provided at the EU level are essential in terms of preventing companies operating in other member countries from profiting from unfair competitive advantage.

As noted in Chapter 2, CSR at the European level is still at an early stage of development. Recent developments and progress made, however, indicate that CSR has come to stay on the European agenda. There is a need to create a European framework for CSR which encourages and favours partnership between the public and private sector through a balance of regulatory frameworks, voluntary approaches and market incentives. As stated by the Commission (2002a) community action is needed to facilitate convergence in the instruments used in the light of the need to ensure a proper functioning of the internal market and the preservation of a level playing field. The areas, which the Commission has defined as its focus areas, are presented in the section 2.7.2 Chapter 2. As stated in the Council Resolution (2002/C 86/03), however, the role of CSR should be to complement regulations, legislation and the norm, not to act as a substitute for them. This is of crucial importance to Finland, where the role of the public sector and corporatistic bargaining system has been essential in the process of creating and maintaining high labour standards.

Furthermore, the Commission has stressed (2002a, section 2.7.2 Chapter 2) that the European framework is to be based on voluntary action. The activities by the Commission so far, include establishment of the EU multistakeholder forum in October 2002 (CSR EMS Forum 2002). In its communication, the Commission invited this forum to develop commonly agreed guidelines and criteria for measurement, reporting and assurance by



mid-2004. Work on creating a European-wide voluntary accreditation standard for socially responsible investment funds has been approved by the European Commission, which will pay the Paris-based European Sustainable and Responsible Investment Forum (Eurosif) to draw it up (Eurosif 2002). The standard will be developed along the lines of a 14-point code launched earlier this year by the Dutch Association of Investors for Sustainable Development (VBDO). The Dutch standard encourages SRI fund managers to disclose how they choose their investments and what methods they use to assess companies. It also asks them to make clear to companies what changes they need to make in order to meet the criteria adopted by the fund.

A positive development is that the Commission also intends to further explore the opportunity to apply the Eco-Management and Audit Scheme (EMAS) to CSR. EMAS is a management tool for companies and other organisations to evaluate, report and improve their environmental performance (see European Parliament and Council Regulation 761/2001). Further measures suggested were encouragement of occupation pension schemes and investment funds to take CSR into account in their investment decisions, and developing a system of assessing the member states performance in the field of CSR.

In the programming period of 2000-2006 the European Social Fund will provide support for improving the employment skills of around 500,000 people in Finland (Ministry of Labour 2001a). The positive impact of the ESF projects has been acknowledged in the country. This is manifested, for example, by the fact that leaders of the various Finnish associations for people with disabilities are of an opinion that the employment projects funded by the EU have had an important role in promoting employment opportunities for the disabled (Saarinen 2000). It should also be noted that these projects have explicitly promoted CSR, given that the Finnish Business & Society group was established as one of the results of the Mainstreaming project, funded from the Horizon Stand (promoting opportunities for disabled) of the EC Employment Initiative (see section 3.5.2 Chapter 3).

In future, there might be a need to incorporate CSR more clearly into public procurement Directives. Those currently in force contain no specific provision on the pursuit of social policy goals (CEC 1998d and 2001c). The Commission, nevertheless, considers that they offer a range of possibilities, which, if properly pursued, should make it possible to attain the desired objectives. The Directives also contain provisions that permit the exclusion, at the selection stage, of candidates or tender's who "breach national social legislation, including those relevant to the promotion of equality of opportunities". Furthermore, the Commission stresses that "it is especially during the execution of the contract, that is, once

the contract has been awarded, that public procurement can be used by contracting authorities as a means of encouraging the pursuit of social objectives".

In 2001, the Commission released its recommendations on disclosure of environmental issues in the annual accounts and annual reports of companies. In the First European Business Convention in November 2000, Maria Donnelly, the head of unit in DG for social and employment affairs, did not exclude the possibility that a similar kinds of recommendations would be suggested with regard to corporate social disclosures (Donnelly 2000c). If the Commission chooses to propose legislation on a compulsory basis it should remember that any provisions should be flexible enough to enable them to take into account rapidly changing circumstances. Furthermore, the Commission should pay attention to national specialisation in terms and issues and varying roles between the public and private sector in different member states. As noted on several occasions in this Chapter, a number of issues which are commonly presented as a criteria for CSR, such as affordable childcare, or paid family leave are considered in Finland to be an universal right of every citizen and consequently the responsibility of the public sector.

### **7.5 Idealised Model for CSR**

Drawing from the previous sections where lessons for corporations, public sector and the EU are explored, the Tables 7.10, 7.11. and 7.12 build up an ideal model for different actors and their desirable action with regard to CSR. It is important that the EU keeps on creating minimum standards by means of legislation in this field. Apart from this, the role of the EU is here seen as building up a common framework for CSR, enhancing the partnership between public and private sector and as a co-ordinator and a facilitator. In the First European Business Convention on CSR, Commissioner Diamantopolou (2000b) referred to the possibility to name the year 2005 as the European year on CSR. This would further stress the importance of the CSR and give it more visibility. Table 7.10 lists the suggested ideal role and action for EU in more details.

**Table 7.10 Idealised Model: The Role of the EU**

- Continue providing minimum binding labour standards which help in creating a more equal playing field for companies within the member countries.
- Increase knowledge, in terms of research, about the positive impact of CSR on business and societies. Promote the dissemination of the research results.
- Promote a more coherent approach to CSR; facilitate convergence and transparency of guidelines, ethical funds and standards.
- Promote sharing best practices and CSR management skills by organising seminars, conferences, publications or through online databases.
- Further support networking and bringing different stakeholders together. Current examples of this are the EU multistakeholder (EMS) forum and business associations like CSR Europe and its national partner organisations, including Finnish Business & Society Group.
- Promote CSR-related action by ESF funding as well as through other mechanisms such as education projects through Leonardo da Vinci.
- Develop commonly agreed guidelines and criteria for measurement, reporting and assurance.
- Continue supporting and promoting publicity for European Awards for CSR.
- Include business best practices into the yearly produced European employment action plans.
- Further explore the opportunity to apply the EMAS approach to CSR.
- Encourage occupation pension schemes and investment funds to take CSR into account in their investment decisions, consider also to including CSR explicitly into public procurement Directives.
- Consider the possibility of including recommendations on reporting on CSR related issues into the Fourth Directive, in similar ways as has already happened in the environmental field. Also look for possibilities of bringing disclosure of some central indicators into binding legislation, paying attention to national specialisation in terms and issues and varying roles between the public and the private sector in different member states.
- Develop a system of assessing the member states performance in the field of CSR.
- Further explore the possibilities to name the year 2005 as to European year for CSR. This would stress the importance of the CSR and give it more visibility.

Whereas the regulative system in Finland generally promotes CSR, the survey indicated that some changes in legislation might be needed. For example, with regard to people with disabilities, the current legislation discourages the larger companies from hiring people with disabilities (see earlier in this Chapter section 7.4.3). It should also be noted that even if high social security contributions are to be regarded desirable, at the same time it is important to provide necessary incentives for those in receipt of benefits to actively apply for a job in accordance with their capabilities.

The survey examples and comments demonstrated that public sector partnership is needed in order to promote employment opportunities for disadvantaged groups. Finally, an area where legislation is largely missing is reporting on HRM. However, as commented by survey participants without a well functioning verification system corporate disclosures tend to remain only as "clichés on the paper" and not likely to be effective. The

introduction of a new type of voluntary measures, such as the request for pension schemes to disclose how they take ethical and social factors into account in their investment decisions would be desirable as well. As noted earlier, at the moment government is preparing a draft on possible actions which could be taken in order to promote CSR. Table 7.11 lists in more details the suggested ideal measures for the public sector.

**Table 7.11 Idealised Model: The Role of the Public Sector**

- |   |
|---|
| <ul style="list-style-type: none"><li>• Continue to facilitate collective bargaining between industry associations and the trade unions and providing a framework based on collective agreements and legislation.</li><li>• Continue the programmes aimed at development of working life, include explicitly aspects promoting CSR, and promote spreading best practice and networking between the companies for these purposes.</li><li>• Consider legislative changes to promote employment opportunities for disabled.</li><li>• Continue schemes like job alternation leave in order to promote simultaneously work-life balance and employment opportunities for the unemployed.</li><li>• Promote the introduction of new voluntary type of measures, such as standards, awards, social indices or setting obligations for pension funds to disclose how they take ethics and CSR into account in their investment decisions.</li><li>• Consider special national procedures with regard to taking CSR into account in public procurement.</li><li>• Consider means to encourage companies to report more on their employees, for example, by amendments to the accounting law.</li></ul> |
|---|

As noted in section 7.2.1 in this Chapter, Finnish companies have recently started to pay increasing attention to the CSR. As many as 54 (65%) have either produced CSR/ethical principles or included them in their future plans. In general, survey and content analysis suggest that due attention is paid to training and staff development, participation and staff involvement, incentive systems as well as employee occupational fitness, other areas like promoting equal opportunities, work-life balance and integration of people experiencing difficulties in the labour markets, were largely neglected.

Therefore it is important that companies pay a due attention to their legal obligation of producing an equal opportunity plan, covering measures such as those aimed at reaching a more balanced gender structure both in workforce in general and at different levels of management and pay attention to the systematic implementation of the plan. In future, there might be an increasing need to expand these plans to cover other groups more widely, such as employees with an ethnic background. Companies should also produce exact complaint procedures and codes of conduct for cases of sexual harassment and bullying. These would provide a message to employees that the management takes the issue seriously and encourage the victims to look for help. In the light of the predicted labour

shortage it would be of benefit to companies to realise more widely the potential of the groups currently experiencing difficulties in the labour market. It should be noted that especially with regard to people with disabilities, new technologies have increased opportunities for full adaptation of this group to work.

Facing the predicted labour shortage the companies also need to recognise the value of CSR and especially proper work-life balance as a factor in attracting a competent workforce in the highly competitive labour markets. More comprehensive CSR disclosures would also promote the process of building an attractive employer image. The current disclosures, especially in annual reports, are more like providing a message 'we are a successful company with well educated and highly competent workforce' than 'we are a socially responsible company, taking good care of our employees'. Therefore, there is a need to develop disclosures to cover softer issues like equal opportunities, work-life balance and integration of disadvantaged groups. As noted by the Commission (2002a) due to the proliferation of different CSR instruments that are difficult to compare and confusing to business, consumers, and investors, other stakeholders and the public, there is need for greater coherence in company disclosure practices. This could be greatly facilitated by European level guidelines and standards, seeking in turn, when appropriate, coherence with global ones. Table 7.12 lists in more details the suggested ideal measures for companies.

**Table 7.12 Idealised Model: The Role of Companies**

- Pay attention to changing attitudes of the public and increasing demands for softer values. Develop corporate values and CSR/ethical principles in accordance and involve the staff closely into the preparation process.
- Ensure that the CSR/ethical principles are implemented in corporate HRM strategies and policies as well as top level commitment to this.
- Continue good training practices and pay attention to the equal participation of all, including those with atypical contracts. Adopt additional measures, if appropriate, to update the skills of older employees and/or low-skilled.
- Establish proper employee support programmes in case of redundancies, seek support and partnership with the public sector.
- Continue the already widely spread activities to promote employee well-being and work ability. Special emphasis needs to be given to measures aiming at alleviating rush and time pressure at work.
- Pay due attention to the legal obligation of producing an equal opportunity plan, covering measures documented in the Act on Equal Opportunities between Genders, aimed at reaching more balanced gender structures both in the workforce in general and at different levels of management. This plan should include explicit practical measures for implementation. It is also important to organise proper monitoring and follow-up systems.
- Produce exact complaint procedures and codes of conduct for cases of sexual harassment and bullying. These would provide a message to the employees that the management takes the issue seriously and encourages the victims to look for help.
- Pay due attention to the wider aspects of equal opportunities and to the positive impact of diversity in the workplaces, facing the increasing number of immigrants and the anticipated labour shortage.
- More widely realise the potential of people with disabilities in face of new technologies and possibilities which can overcome or remove barriers and problems relating to health conditions.
- Recognise that especially proper work-life balance might be an important factor in the future, when the competition of competent workforce increases.
- Pay attention to the total impact of employment activities; take more responsibility for promoting employment opportunities for disadvantaged groups.
- Recognise the opportunities offered by good disclosure practices; further develop the disclosure to include more comprehensive and systematic overview of softer issues like equal opportunities, work-life balance and integration of disadvantaged groups.
- Disclose more quantitative, directly comparable information, and seek for appropriate independent verification. Involve staff in the preparation process of disclosures. Pay attention to the existing guidelines and the process of developing the European wide standards.
- Search opportunities for networking and sharing best practices. Seek for possibilities to further promote CSR to SMEs

## **7.6 Reflections and Limitations of the Research**

This research was based on broad parameters, which interrogated the level of integration of CSR in Human Resource Management within Finnish companies. More detailed questioning, conducted with regard to each theme at different levels of organisation, including workplace level, or focusing on specific industries, would provide further insight to current practices and also clarify the imperatives and barriers for action. Ideally, research could be expanded to cover SME's as well.

As noted earlier in Chapter 4.2.5, 'disadvantaged groups' sit on the border of HRM and community investment. Consequently, this theme could be widened and explored by looking at company activities, in terms of promoting employability and well-being of these groups, in the community as a whole. The research, especially if made at workplace level, could also compare policies of companies operating in different regional contexts, especially those around Helsinki and other big cities, with those operating in a more rural setting.

Finally, this research reflected top managers' views of HRM and its practical implementation within their companies. A corresponding research conducted with employees could provide further insight into the totality of the corporate HRM policies and practices, as well as their impact at workplaces.

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## **APPENDIX A: The European Union institutions**

### **European Parliament**

Elected every five years by direct universal suffrage, the European Parliament is the expression of the democratic will of the Union's 374 million citizens. Brought together within pan-European political groups, the major political parties operating in the Member States are represented.

Parliament has three essential functions:

1. It shares with the Council the power to legislate, i.e. to adopt European laws (directives, regulations, decisions). Its involvement in the legislative process helps to guarantee the democratic legitimacy of the texts adopted;
2. It shares budgetary authority with the Council, and can therefore influence EU spending. At the end of the procedure, it adopts the budget in its entirety;
3. It exercises democratic supervision over the Commission. It approves the nomination of Commissioners and has the right to censure the Commission. It also exercises political supervision over all the institutions.

### **Council of the European Union**

The Council is the EU's main decision-making body. It is the embodiment of the Member States, whose representatives it brings together regularly at ministerial level.

According to the matters on the agenda, the Council meets in different compositions: foreign affairs, finance, education, telecommunications, etc.

The Council has a number of key responsibilities:

1. It is the Union's legislative body; for a wide range of EU issues, it exercises that legislative power in co-decision with the European Parliament;
2. It co-ordinates the broad economic policies of the Member States;
3. It concludes, on behalf of the EU, international agreements with one or more States or international organisations;
4. It shares budgetary authority with Parliament;
5. It takes the decisions necessary for framing and implementing the common foreign and security policy, on the basis of general guidelines established by the European Council;
6. It co-ordinates the activities of Member States and adopts measures in the field of police and judicial co-operation in criminal matters.

### **European Commission**

The European Commission embodies and upholds the general interest of the Union. The President and Members of the Commission are appointed by the Member States after they have been approved by the European Parliament.

The Commission is the driving force in the Union's institutional system:

1. It has the right to initiate draft legislation and therefore presents legislative proposals to Parliament and the Council;
2. As the Union's executive body, it is responsible for implementing the European legislation (directives, regulations, decisions), budget and programmes adopted by Parliament and the Council;
3. It acts as guardian of the Treaties and, together with the Court of Justice, ensures that Community law is properly applied;
4. It represents the Union on the international stage and negotiates international agreements, chiefly in the field of trade and co-operation.

### **Court of Justice**

The Court of Justice ensures that Community law is uniformly interpreted and effectively applied. It has jurisdiction in disputes involving Member States, EU institutions, businesses and individuals. A Court of First Instance has been attached to it since 1989.

Source: The European Communities website (2003), <http://www.europa.eu.int/inst-en.htm>, accessed 16/02

## APPENDIX B: Decision Making Procedures of the European Communities

Decision-making at European Union level is the result of interaction between various parties, in particular the "institutional triangle" formed by the European Parliament, the Council of the European Union and the European Commission. The Court of Auditors, the Economic and Social Committee, the Committee of the Regions, the European Central Bank and the Economic and Financial Committee also intervene in many specific areas. The rules for this decision-making procedure are laid down in the Treaties and cover every area in which the European Union acts. In general, three main procedures which, depending on the case, govern decision-making on the legislative front:

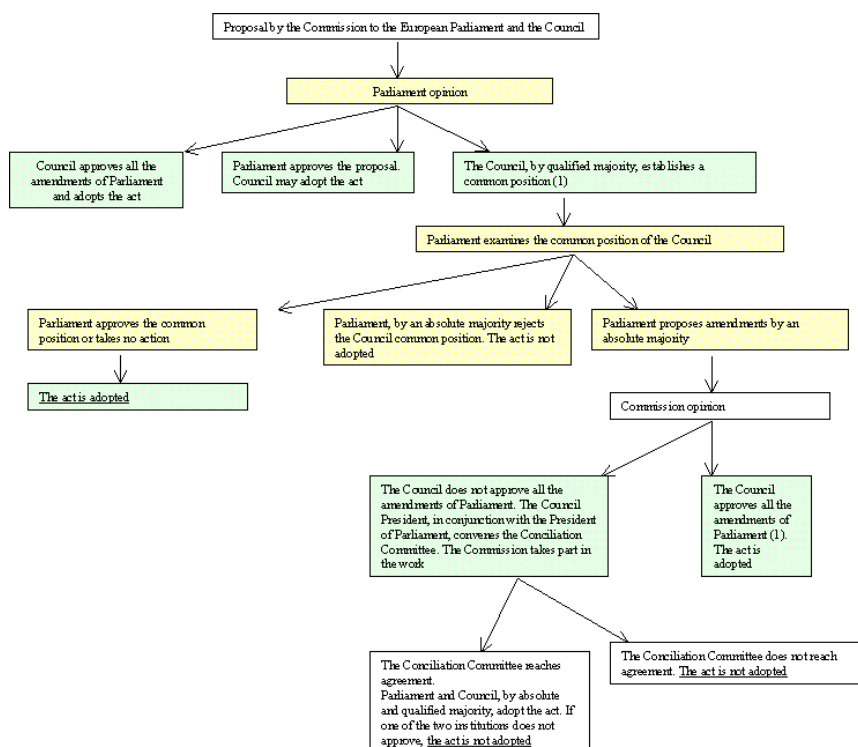
- co-decision;
- assent;
- consultation.

### The legal basis

The choice of decision-making procedure depends on the legal basis of the initiative. It is up to the European Commission to determine the legal basis when it draws up a proposal. The choice must be based on objective criteria that are open to judicial review. This choice is very important when it comes to defining the border between, say, a measure coming under the consultation procedure (e.g. in the area of agriculture) and a measure calling for co-decision (e.g. in the context of the internal market). It is not possible to combine several legal bases requiring different decision-making procedures. As the above example illustrates, the choice of legal basis mainly concerns the relative powers of Parliament and the Council, with Parliament merely giving its opinion in the case of consultation but acting as a genuine co-legislator in the co-decision procedure.

### Co-decision procedure

The co-decision procedure was introduced by the Treaty on European Union (Maastricht Treaty, 1992). It was simplified and its field of application extended by the Treaty of Amsterdam (1997). It provides for two successive readings, by Parliament and the Council, of a Commission proposal and the convocation, if the two co-legislators cannot agree, of a "conciliation committee", composed of Council and Parliament representatives, with the participation of the Commission, in order to reach an agreement. This agreement is then submitted to Parliament and the Council for a third reading with a view to its final adoption.



### **Scope of the co-decision procedure (Article 251 EC):**

[Article 12: Non-discrimination on the basis of nationality](#)  
[Article 13,2: Combat discrimination](#)  
[Article 18,1: Right to move and reside](#)  
[Article 40: Freedom of movement for the workers](#)  
[Article 42: Social security for migrant workers](#)  
[Article 44: Right of establishment](#)  
[Article 46 \(2\): idem](#)  
[Article 47: idem](#)  
[Article 47 \(2\): idem](#)  
[Art. 55: Right of establishment](#)  
[Art. 65: Visas, asylum, immigration and other policies related to free movement of persons](#)  
[Article 71 \(1\): Transport](#)  
[Article 80,2: Transport](#)  
[Article 95: Internal market](#)  
[Article 129: Employment \(encouragement actions\)](#)  
[Article 135: Customs co-operation](#)  
[Article 137 \(1-2\): Fight against social exclusion \(encouragement actions\)](#)  
[Article 141: Equal opportunities and equal treatment](#)  
[Article 148: Implementing decisions relating to the European Social Fund](#)  
[Article 149: Education \(encouragement actions\)](#)  
[Article 150 \(4\): Vocational training](#)  
[Article 151: Culture \(except the recommendations\)](#)  
[Article 152 \(4\): Health \(encouragement actions\)](#)  
[Article 153 \(4\): Consumers](#)  
[Article 156: Trans-european networks \(guidelines\)](#)  
[Art. 157,3: Industry](#)  
[Art. 159,3: Economic and social cohesion](#)  
[Article 162: Implementing decisions relating to the European Regional Development Fund](#)  
[Article 166: Research \(framework programme\)](#)  
[Article 172: Research](#)  
[Article 175 \(1-3\): Environment](#)  
[Article 179: Cooperation and development](#)  
[Article 191: Political parties at European level](#)  
[Article 255,2: Transparency](#)  
[Article 280,4: Prevention of and fight against fraud](#)  
[Article 285,1: Statistics](#)  
[Article 286,2: Creation of a consultative body for data protection](#)

### **Assent**

The assent procedure was introduced by the Single European Act (1986). It means that the Council has to obtain the European Parliament's assent before certain very important decisions are taken. Parliament can accept or reject a proposal but cannot amend it.

### **Scope of the assent procedure:**

[Article 105 \( 6\): specific missions of the European Central Bank](#)  
[Article 107 \( 5\): amendment of the statutes of the European System of Central Banks/ European Central Bank](#)  
[Article 161: Structural Funds and Cohesion Funds](#)  
[Article 190 \(4\): uniform electoral procedure](#)  
[Article 300 \( 3\): certain international agreements](#)  
[Article 49 Union Treaty : accession of new Member States](#)

## Simple consultation

Under the consultation procedure, the opinion of the European Parliament is sought. Once it has received this opinion, the Commission can amend its proposal accordingly. The proposal is then examined by the Council, which can adopt it as it is or amend it first. However, if the Council decides to reject the Commission proposal, this must be a unanimous decision.

The areas covered by this procedure are

- Police and judicial co-operation in criminal matters (Communitarisation)
- Revision of the Treaties Enhanced co-operation (launch)
- Discrimination on grounds of sex, race or ethnic origin, religion or political conviction, disability, age or sexual orientation
- EU citizenship (implementation arrangements, new rights)
- Agriculture
- Visas, asylum, immigration and other policies associated with the free movement of persons
- Transport (principles likely to have a significant impact on the standard of living and employment in certain regions and the exploitation of transport facilities)
- Competition rules Tax arrangements Economic policy (changing the protocol on the excessive deficit procedure)

Source: The European Communities website (2003), accessed 16th February.  
[http://www.europa.eu.int/institutions/decision-making/index\\_en.htm](http://www.europa.eu.int/institutions/decision-making/index_en.htm)

## APPENDIX C: THE EMPLOYMENT GUIDELINES FOR 2001

### I. IMPROVING EMPLOYABILITY

#### *Tackling youth unemployment and preventing long-term unemployment*

In order to influence the trend in youth and long-term unemployment, Member States will intensify their efforts to develop preventive and employability-oriented strategies, building on the early identification of individual needs. Within a period to be determined by each Member State, which may not exceed two years and which - without prejudice to the review of the Guidelines which will take place in two years' time - may be longer in Member States with particularly high unemployment, Member States will ensure that:

1. Every unemployed person is offered a new start before reaching six months of unemployment in the case of young people, and twelve months of unemployment in the case of adults in the form of training, retraining, work practice, a job, or other employability measure, including, more generally, accompanying individual vocational guidance and counselling with a view to effective integration into the labour market.

These preventive and employability measures should be combined with measures to reduce the stock of the long-term unemployed by promoting their reinsertion in the labour market.

In this context, Member States should pursue the modernisation of their Public Employment Services, in particular by monitoring progress, setting clear deadlines and providing adequate retraining of their staff. Member States should encourage cooperation with other service providers so as to make the strategy of prevention and activation more effective.

#### *A more employment-friendly approach: benefits, taxes and training systems*

Benefit, tax and training systems - where that proves necessary - must be reviewed and adapted to ensure that they actively support the employability of unemployed persons. Moreover, these systems should interact appropriately to encourage the return to the labour market of those inactive persons willing and able to take up a job. Particular attention should be given to promoting incentives for unemployed or inactive people to seek and take up work, as well as measures to upgrade their skills and enhance job opportunities in particular for those with greatest difficulties.

2. Each Member State will:

- review and, where appropriate, reform its benefit and tax system to reduce poverty traps, and provide incentives for unemployed or inactive people to seek and take up work or measures to enhance their employability and for employers to create new jobs;

- endeavour to increase significantly the proportion of unemployed and inactive persons benefiting from active measures to improve their employability with a view to effective integration into the labour market, and will improve the outcomes, outputs and cost effectiveness of such measures;

- promote measures for unemployed and inactive people to acquire or upgrade skills, including IT and communication skills, thereby facilitating their access to the labour market and reducing skills gaps. To this end, each Member State will fix a target for active measures involving education, training or similar measures offered to the unemployed thereby aiming at gradually achieving the average of the three most advanced Member States, and at least 20 per cent.

#### *Developing a policy for active ageing*

In-depth changes in the prevailing social attitudes towards older workers, as well as a revision of tax-benefit systems are called for, in order to reach full employment, to help ensure the long-term fairness and sustainability of social security systems, and to make the best use of older workers' experience.

3. Member States, if appropriate with the social partners, will therefore develop policies for active ageing with the aim of enhancing the capacity of, and incentives for, older workers to remain in the labour force as long as possible, in particular by:

- adopting positive measures to maintain working capacity and skills of older workers, not least in a knowledge-based labour market, in particular through sufficient access to education and training, to introduce flexible working arrangements including, for example, part-time work if workers so choose, and to raise employers' awareness of the potential of older workers; and

- reviewing tax and benefit systems in order to reduce disincentives and make it more attractive for older workers to continue participating in the labour market.

#### *Developing skills for the new labour market in the context of lifelong learning*

Effective and well functioning educational and training systems responsive to labour market needs are key to the development of the knowledge-based economy and to the improvement of the level and quality of employment. They are also crucial to the delivery of lifelong learning to allow for a smooth transition from school to work, lay the foundations for productive human resources equipped with core and specific skills and enable people to adapt positively to social and economic change. The development of an employable labour force involves providing people with the capacity to access and reap the benefits of the knowledge-based society, addressing skill gaps and preventing the erosion of skills resulting from unemployment, non-participation and exclusion throughout the lifecycle.

4. Member States are therefore called upon to improve the quality of their education and training systems, as well as the relevant curricula, including the provision of appropriate guidance in the context of both initial training and lifelong learning, the modernisation and greater effectiveness of apprenticeship systems and of in-work training, and promote the development of multi-purpose local learning centres, in order to:

- equip young people with the basic skills relevant to the labour market and needed to participate in lifelong learning;

- reduce youth and adult illiteracy and reduce substantially the number of young people who drop out of the school system early. Particular attention should also be given to young people with learning difficulties and with educational problems. Member States will in this context develop measures aimed at halving by 2010 the number of 18 to 24 year olds with only lower-secondary level education who are not in further education and training;

- promote conditions to facilitate better access of adults, including those with atypical contracts, to lifelong learning, so as to increase the proportion of adult working-age population (25-64 year olds) participating at any given time in education and training. Member States should set targets for this purpose.

In order to facilitate mobility and encourage lifelong learning, Member States should improve the recognition of qualifications, acquired knowledge and skills.

5. Member States will aim at developing e-learning for all citizens. In particular, Member States will ensure that all schools have access to the internet and multimedia resources by the end of 2001 and that all the teachers needed are skilled in the use of these technologies by the end of 2002 in order to provide all pupils with a broad digital literacy.

#### *Active policies to develop job matching and to prevent and combat emerging bottlenecks*

In all Member States unemployment and exclusion from the labour market coexist with labour shortages in certain sectors, occupations and regions. With the improvement of the employment situation and accelerating pace of technological change, these bottlenecks are increasing. An insufficiency of active policies to prevent and combat emerging labour shortages will harm competitiveness, increase inflationary pressures and keep structural unemployment high.

6. Member States will, as appropriate with the social partners, step up their efforts to identify and prevent emerging bottlenecks, in particular by:

- developing the job-matching capacities of employment services;

- developing policies to prevent skills shortages;

- promoting occupational and geographical mobility;

- enhancing the functioning of labour markets by improving databases on jobs and learning opportunities which should be interconnected at European level, making use of modern information technologies and experience already available at European level.

#### *Combating discrimination and promoting social inclusion by access to employment*

Many groups and individuals experience particular difficulties in acquiring relevant skills and in gaining access to, and remaining in, the labour market. This may increase the risk of exclusion. A coherent set of policies which promote social inclusion by supporting the integration of disadvantaged groups and

individuals into the world of work, and combat discrimination in access to, and on, the labour market is called for.

7. Each Member State will:

- identify and combat all forms of discrimination in access to the labour market and to education and training;
- develop pathways consisting of effective preventive and active policy measures to promote the integration into the labour market of groups and individuals at risk or with a disadvantage, in order to avoid marginalisation, the emergence of "working poor" and a drift into exclusion;
- implement appropriate measures to meet the needs of the disabled, ethnic minorities and migrant workers as regards their integration into the labour market and set national targets where appropriate for this purpose.

## II. DEVELOPING ENTREPRENEURSHIP AND JOB CREATION

### *Making it easier to start up and run businesses*

The development of new businesses in general, and the contribution to the growth of small and medium-sized enterprises (SMEs) in particular, is essential for job creation and for the expansion of training opportunities for young people. This process must be promoted by encouraging greater entrepreneurial awareness across society and in educational curricula, by providing a clear, stable and predictable set of rules and regulations by improving the conditions for the development of, and access to, risk capital markets. Member States should also reduce and simplify the administrative and tax burdens on SMEs. These policies should strengthen the prevention of undeclared work.

8. Member States will give particular attention to reducing significantly the overhead costs and administrative burdens for businesses, in particular when an enterprise is being set up and when hiring additional workers. Also, Member States should, when drafting new regulations, assess their potential impact on such administrative burdens and overhead costs for businesses.

9. Member States will encourage the taking up of entrepreneurial activities:

- by examining, with the aim of reducing, any obstacles which may exist, especially those within tax and social security regimes, to moving to self-employment and the setting up of small businesses;
- by promoting education for entrepreneurship and self-employment, targeted support services as well as training for entrepreneurs and would-be entrepreneurs;
- by combating undeclared work and encouraging the transformation of such work into regular employment, making use of all relevant means of action including regulatory measures, incentives and tax and benefit reform, in partnership with the social partners.

### *New opportunities for employment in the knowledge-based society and in services*

If the European Union wants to deal successfully with the employment challenge, all possible sources of jobs and new technologies must be exploited effectively. Innovative enterprises must find a supportive environment because they can make an essential contribution to mobilising the job creation potential of the knowledge-based society. A considerable potential exists in particular in the services sector. To this end:

10. Member States will remove barriers to the provision of services and develop framework conditions to exploit fully the employment potential of the full range of the services sector to create more and better jobs. In particular, the employment potential of the knowledge society and the environmental sector should be tapped.

### *Regional and local action for employment*

All actors at the regional and local levels, including the social partners, must be mobilised to implement the European Employment Strategy by identifying the potential of job creation at local level and strengthening partnerships to this end.

11. Member States will:

- take into account, where appropriate, in their overall employment policy the regional development dimension;
- encourage local and regional authorities to develop strategies for employment in order to exploit fully the possibilities offered by job creation at local level and promote partnerships to this end with all the actors concerned, including the representatives of civil society;



- promote measures to enhance the competitive development and job creation capacity of the social economy, especially the provision of goods and services linked to needs not yet satisfied by the market, and examine, with the aim of reducing, any obstacles to such measures;
- strengthen the role of the Public Employment Services at all levels in identifying local employment opportunities and improving the functioning of local labour markets.

#### *Tax reforms for employment and training*

It is important to deepen the examination of the employment impact of the tax burden, and make the taxation system more employment friendly by reversing the long-term trend towards higher taxes and charges on labour. Tax reforms must also take into account the need to increase investment in people, by business, public authorities and individuals themselves, in view of the longer term impact on employment and competitiveness.

#### 12. Each Member State will:

- set a target, if necessary and taking account of its present level, for gradually reducing the overall tax burden and, where appropriate, set a target for gradually reducing the fiscal pressure on labour and non-wage labour costs, in particular on relatively unskilled and low-paid labour. Such reforms should be undertaken without jeopardising the recovery of public finances or the long-term sustainability of social security systems;
- provide incentives and remove tax obstacles to investment in human resources;
- examine the desirability of using alternative sources of tax revenue, inter alia energy and pollutant emissions, taking into account current market trends, notably in oil markets.

### III. ENCOURAGING ADAPTABILITY OF BUSINESSES AND THEIR EMPLOYEES

The opportunities created by the knowledge-based economy and the prospect of an improved level and quality of employment require a consequent adaptation of work organisation and the contribution to the implementation of Life Long Learning strategies by all actors including enterprises, in order to meet the needs of workers and employers.

#### *Modernising work organisation*

In order to promote the modernisation of work organisation and forms of work, a strong partnership should be developed at all appropriate levels (European, national, sectoral, local and enterprise levels).

#### 13. The social partners are invited:

- to negotiate and implement at all appropriate levels agreements to modernise the organisation of work, including flexible working arrangements, with the aim of making undertakings productive and competitive, achieving the required balance between flexibility and security, and increasing the quality of jobs. Subjects to be covered may, for example, include the introduction of new technologies, new forms of work and working time issues such as the expression of working time as an annual figure, the reduction of working hours, the reduction of overtime, the development of part-time working, access to career breaks, and associated job security issues; and
- within the context of the Luxembourg process, to report annually on which aspects of the modernisation of the organisation of work have been covered by the negotiations as well as the status of their implementation and impact on employment and labour market functioning.

#### 14. Member States will, where appropriate in partnership with the social partners or drawing upon agreements negotiated by the social partners,

- review the existing regulatory framework, and examine proposals for new provisions and incentives to make sure they will contribute to reducing barriers to employment, to facilitate the introduction of modernised work organisation and to helping the labour market adapt to structural change in the economy;
- at the same time, taking into account the fact that forms of employment are increasingly diverse, examine the possibility of incorporating in national law more flexible types of contract, and ensure that those working under new flexible contracts enjoy adequate security and higher occupational status, compatible with the needs of business and the aspirations of workers;

- endeavour to ensure a better application at workplace level of existing health and safety legislation by stepping up and strengthening enforcement, by providing guidance to help enterprises, especially SMEs, to comply with existing legislation, by improving training on occupational health and safety, and by promoting measures for the reduction of occupational accidents and diseases in traditional high risk sectors.

#### *Supporting adaptability in enterprises as a component of lifelong learning*

In order to renew skill levels within enterprises as a key component to lifelong learning:

15. The social partners are invited, at all relevant levels, to conclude agreements, where appropriate, on lifelong learning to facilitate adaptability and innovation, particularly in the field of information and communication technologies. In this context, the conditions for giving every worker the opportunity to achieve information society literacy by 2003 should be established.

#### IV. STRENGTHENING EQUAL OPPORTUNITIES POLICIES FOR WOMEN AND MEN

##### *Gender mainstreaming approach*

In order to meet the objective of equal opportunity and reach the target of an increased employment rate for women in line with the conclusions of the Lisbon European Council, Member States' policies towards gender equality should be strengthened and should address all relevant conditions influencing women's decisions to take up employment.

Women still face particular problems in gaining access to employment, in career advancement, in earnings and in reconciling professional and family life. It is therefore important, inter alia:

- to ensure that active labour market policies are made available for women in proportion to their share of unemployment;
- to pay particular attention to the gender impact of tax and benefit systems. Wherever tax-benefit structures are identified that impact negatively on women's participation in the labour force, they should be reviewed;
- to pay particular attention to ensuring the application of the principle of equal pay for equal work or work of equivalent value;
- to give particular attention to obstacles which hinder women who wish to set up new businesses or become self-employed;
- to ensure that women are able to benefit positively from flexible forms of work organisation, on a voluntary basis and without loss of job quality;
- to ensure the conditions for facilitating the access of women to lifelong learning and in particular to IT training.

16. Therefore, the Member States will adopt a gender-mainstreaming approach in implementing the Guidelines across all four pillars:

- developing and reinforcing consultative systems with gender equality bodies;
- applying procedures for gender impact assessment under each guideline;
- developing indicators to measure progress in gender equality in relation to each guideline.

In order meaningfully to evaluate progress, Member States will need to provide for adequate data collection systems and procedures and ensure a gender breakdown of employment statistics.

##### *Tackling gender gaps*

Member States and the social partners should pay attention to the imbalance in the representation of women or men in certain economic sectors and occupations, as well as to the improvement of female career opportunities.

17. Member States will, where appropriate with the social partners:

- strengthen their efforts to reduce the gap in unemployment rates between women and men by actively supporting the increased employment of women, and consider setting national targets in accordance with the objectives set out in the conclusions of the Lisbon European Council;
- take action to bring about a balanced representation of women and men in all sectors and occupations;
- initiate positive steps to promote equal pay for equal work or work of equal value and to diminish differentials in incomes between women and men: actions to address gender pay gaps are necessary in the public and private sector, and the impact of the policies on gender pay gaps should be identified and addressed;
- consider an increased use of measures for the advancement of women in order to reduce gender gaps.

*Reconciling work and family life*

Policies on career breaks, parental leave and part-time work, as well as flexible working arrangements which serve the interests of both employers and employees, are of particular importance to women and men. Implementation of the various Directives and social-partner agreements in this area should be accelerated and monitored regularly. There must be an adequate provision of good quality care for children and other dependants in order to support the entry of women and men into, and their continued participation in, the labour market. An equal sharing of family responsibilities is crucial in this respect. Those returning to the labour market after an absence may also have outmoded skills, and experience difficulty in gaining access to training. Reintegration of women and men into the labour market after an absence must be facilitated. In order to strengthen equal opportunities,

18. Member States and the social partners will:

- design, implement and promote family-friendly policies, including affordable, accessible and high-quality care services for children and other dependants, as well as parental and other leave schemes;
- consider setting a national target, in accordance with their national situation, for increasing the availability of care services for children and other dependants;
- give specific attention to women, and men, considering a return to the paid workforce after an absence and, to that end, they will examine the means of gradually eliminating the obstacles to such return.

## **APPENDIX D: GRI Guidelines related to Workplace policies**

### **WORKPLACE**

#### **Quality of Management**

- Employee retention rates
- Ratio of jobs offered to jobs accepted
- Evidence of employee orientation to organisational vision
- Evidence of employee engagement in shaping management decision making
- Ranking of the organisation as an employer in internal and external surveys
- Job satisfaction levels

#### **Health and Safety**

- Reportable cases (including subcontracted workers)
- Standards injury, lost day, and absentee rates (including subcontracted workers)
- Investment per worker in illness and injury prevention

#### **Wages and Benefits**

- Ratio of lowest wage to national legal minimum
- Ratio of lowest wage to local cost of living
- Health and pension benefits provided to employees

#### **Non-discrimination**

- Percentage of women in senior executive and senior and middle management ranks
- Discrimination – related litigation – frequency and type
- Mentoring programmes for minorities

#### **Training/Education**

- Ratio of training budget to annual operating costs
- Programmes to foster worker participation in decision-making
- Changes in average years of education of workforce. Incorporate achievement associated with training programmes

#### **Child labour**

- Verified incidences of non-compliance with child labour laws
- Third party recognition/awards for child labour practices

#### **Forced labour**

- Number of recorded grievances by employees
- Incidences identified through organisation's auditing of suppliers

#### **Freedom of association**

- Staff forums and grievance procedures in place, percentage of facilities and countries in operation
- Number and types of legal actions concerning anti-union practices
- Organisational responses to organising at non-union facilities or subsidiaries.

Source: GRI (2000)

## APPENDIX E – FINLAND: A COUNTRY PRESENTATION



Source: CIA 2002

Chadwick (1996) argues that historically Finland has been viewed as the remotest of the Nordic countries, not only geographically, but also politically and economically. Finland is, next to Iceland, the northernmost independent country in the world. Finland is the fifth biggest EU Member State in terms of area, covering an area of 304,529 square kilometres of land and 33,615 square kilometres of inland waters.

## **Population**

Finland has the third smallest population (5.2 million) and the lowest population density, 17 persons per km<sup>2</sup> (EU15:117) in Europe. There are, however, great differences between the regions in their population density. In Uusimaa on the south coast there are over 200 persons per km<sup>2</sup>, but only 2 per km<sup>2</sup> in the most northernly province, Lapland. Principal cities are Helsinki (555,500), Espoo (213,300), Tampere (195,500), Vantaa (178,500), Turku (172,500) and Oulu (120,800).

The population of Finland is culturally, racially and religiously fairly homogenous. However, the special position of Finland between Eastern and Western cultures have left many dualising traces on Finnish culture, politics and people's way of thinking (Vanhala 1995). The most prominent implications are two state churches: the dominant Lutheran church, and the Greek Orthodox Church in the eastern part of the country; and two official languages; Finnish and Swedish. The dominant language is Finnish. Swedish is the mother tongue of about 6% of the population. Other domestic minorities are Sami (ca 7,000), Romanies (ca 10,000) and Tatar (ca 900) (see for example Horn 2000, Ministry of the Environment 2002).

Having lost more than a million people as emigrants during the previous hundred years, in the 1990s Finland became a country of net immigration (Koivukangas 2002). In the years 1990-95, net immigration to Finland was around 46,000 persons. In 1999 Finland had about 125,000 residents born outside of Finland. Of these, around 88,000 were citizens of other countries. Approximately a third of Finland's foreign community is from the former Soviet Union. Of this group about 20,000 are Ingrian Finns and 10,000 are Estonian. The next largest group is composed of Swedish citizens, of whom there are around 8,000. Finland's foreign community, only 1.7 per cent of the population, is very small in comparison with other European countries but it is growing fast (op.cit.).

As argued by Julkunen (2002) the political onus in Finland has centred on equalising differences between social classes, regions and the sexes. At the same time, however, minority rights, in the foreground of the Anglo-American concept of equality, have not received the same attention.

## **Political System**

Finland's position at the edge of Scandinavia, sharing a border of over 1,000 kilometres with Russian has meant first Swedish, and later Russian domination over Finland until 1917, when Finland declared its independence. Finland belonged to the Kingdom of Sweden from the 11th Century until 1809. It then became an autonomous Grand Duchy annexed to Russia, following the Hamina peace treaty. In 1917 Finland finally became independent and enacted its own first constitutions in 1919. Finland has belonged to the European Union since 1995.

Finland's special position has been manifested in the role of mediator between East and West, such as the CSCE (Conference on Security and Co-operation in Europe) meeting in Helsinki in 1975, and also in 'Finlandization' which originally was used to refer to Finland's post-war politics adopted to survive vis-à-vis the Soviet Union (see for more information Singleton 1981, Botticelli 1986, Vihavainen 2001). The term 'Finlandization' involved a connotation of subservience with implications in political, cultural and economic activities. Along with the Soviet Perestroika, 'Finlandization' began to lose its relevance.

Finland has been a sovereign parliamentary republic since 1917. The highest legislator is the National Assembly, while the State Council (government) and ministries can issue decrees, ordinances and resolutions. Parliament consists of a single chamber of 200 members, who are elected every four years through a proportional voting system. Traditionally, the single biggest party in the Eduskunta (Finnish Parliament) has been Social Democrats. The biggest parties on the right are the Centre Party (formerly the Agrarian Union), and the National Coalition party. The post-war era has been dominated by coalition governments, most often based on cooperation of the Social Democrats and the Centre Party. In 1991, the electorate broke its traditional allegiances and a right wing government came to power.

The general election in March 1999 (poll 68 %) produced the following result: Social Democratic Party of Finland 51 seats, Centre Party of Finland 48, National Coalition Party 46, Left Alliance 20, Green League 11, Swedish People's Party in Finland 11, Christian League of Finland 10, True Finns 1, Reform Group 1 and Åland 1 seat.

In 1906, Finnish women were the first women in Europe to receive universal and equal franchise, and the first women in the world to become eligible for parliamentary elections (Manninen 1999). In 1917 there were 19 women in the Finnish Parliament. Today, women account for 37% of Finland's MPs: this is the third highest figure in the EU (Statistics Finland 1999). In 1990 Elisabeth Rehn became the very first woman Minister of Defence in the world (Virtual Finland, 2003). In 2000 the first woman, Tarja Halonen, was elected to be the President of Republic.

Chadwick (1996) argues that overall, it is possible to define the position of Finland as part of what Waever (1991) has termed the Nordic Identity, representing a model of an enlightened society that viewed itself as superior to the old Europe, and had prospered on the post-war East-West conflict and the competition between capitalism and communism.

## **Economy**

Finland's road to industrialisation started in the 19th century with the harnessing of forest resources. Forests are still Finland's most crucial raw material resource, although the engineering and high technology industries, led by Nokia, have long been the leading branches of manufacturing (Virtual Finland 2002). The industrial structure of Finnish exports has changed dramatically over the past decades. The wood and paper industry accounted for well over half of exports less than thirty years ago. Now the paper industry is only one of three major export sectors, the other two being electronics and other metal and engineering. Electronics is the most spectacular success story in Finnish exports. Its outstanding growth in the 1990s is mainly based on mobile phones and other telecommunication equipment. Finland has some 79 cellular phones per 100 inhabitants. The net wealth of Finnish households is at the average level for member states of the European Union. In 2000, Finland's GNP per capita was around 25, 500 Euro (ca. 22 600 USD) (op.cit.).

The growth of the economy and welfare in Finland was rapid by international comparison until the recession hit Finland in 1990s (Chadwick 1996, European Parliament 1996). As a consequence of the recession growth gave way to a dramatic fall in output of 15% during 1990-1993 and a rise in unemployment from 3.5 - 20% during the same period (Vanhala 1995, Chadwick 1996). In order to cope with the severity of the downturn the Finnish Government was forced to introduce measures such as cuts in welfare benefit, which were alien to its Nordic tradition (Chadwick 1996). Income differentials have grown drastically since the depression of the early 1990s (Hietanen 2000).

The manufacturing sector employs 491,000 people (21% of all employed), compared to the private services sector, which is the largest with 840,000 employed (35% of total workforce) (Statistics Finland 2003a). The public sector is also large (644,000 or 27% of total workforce). Typically, conventional companies are very small, 93% employing fewer than ten persons and total 99% employing fewer than 50 persons. Only 0.1% per cent employed 500 or more in 2001 (Statistics Finland 2003b).

The other typical feature is a relatively large state involvement in the business sector through direct ownership of enterprises (Vanhala 1995, Chadwick 1996). State-owned companies employed 7.5% of all workers in 1992 (Vanhala 1995). In transport and communications the figure was 41% and 16% in manufacturing and energy (OECD 1995). Not only the state-owned companies but also the whole public sector have undergone radical changes (Vanhala 1995). Previously, the expansion of the public sector in Finland was closely related to the construction of the Nordic-type welfare state. Taking total public spending as a share of national GDP, Finland rose from 13<sup>th</sup> place in the OECD in 1980 to the sixth place in 1991 (Naschold 1995). The expansion of the public sector came to an end with an economic recession.

### **Education System**

The Finnish educational system has been constructed along the same principles of universality and generosity as the welfare system, which means that the general educational level of employees is relatively high (Ministry of Education 1998). From birth to the age of 6, children can attend daycare centres or smaller family daycare groups in private homes, all of which charge reasonable fees depending on parental income (Eurydice 2002). At the age of 6, children can attend pre-school classes in school, which are free of charge.

All children receive compulsory basic education between the ages of 7 and 16. Education beyond the age of 16 is voluntary, taking the form of either a three to four-year course in upper secondary school or 2 to 5 years at a vocational school (Virtual Finland 2002). There are 20 universities or institutes of higher education, with a total student population of around 271,200, of whom 53% are women. In 2000, majority 92% of students attended publicly funded schools and approximately 8% private, granted institutions (Eurydice 2002). Private institutions are controlled by non-government bodies but they receive the same level of public funding as the publicly funded schools (op.cit.).

In recent years, about 17% of the age cohorts entering the labour market have not had a post-comprehensive education (Ministry of Labour 2001). Some of them go on to complete post-comprehensive education later. In the old age, this percentage is much higher: 36% if those aged 45-54 and 56% of 55-64s have no post-comprehensive education. The average educational level of women of working age is higher than that of men (op.cit.).

Finland rated third after the USA and Singapore in the International Institute for Management (IMD) comparison of competitiveness in 1999 (Havén 1999). Finland's education and training system was rated highest of the countries studied.



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## **APPENDIX F: THE POSTAL SURVEY COVER LETTER**

DEAR SIR/MADAM,

I would be most grateful if you would fill in the attached questionnaire. The survey concerns corporate social responsibility and is addressed to the biggest companies by turnover in Finland, following the Talouselämä-magazine list for the year 2000. The survey focuses on HRM in companies' home country, Finland.

The companies are listed as groups in the list of Talouselämä. Consequently, in case of a group the survey covers groups' whole personnel in Finland. Since the research covers the analysis of the corporate reports in public domain, companies marked by Talouselämä as being in foreign ownership has been removed from the list (subsidiaries of foreign companies). Therefore the survey is addressed to 200 biggest companies of which the aim is to interview 50 among the biggest employers in the list. The remaining companies will receive the survey by post. The sample companies are all within approximately 400 biggest on the original list.

The questionnaire is the central part of my Ph.D dissertation thesis, which aims at critically assessing the role of corporate social responsibility in the human resources management policies of Finnish companies. The context for the questions is established by exploring the recent European level developments, especially the European Council appeal in March 2000 concerning corporate social responsibility with regard to life-long learning, work organisation, equal opportunities and social inclusion and the campaign launched on the basis of this appeal and the material published in this context. Apart from this, the current themes under discussion in Finland are taken into account.

The responses are CONFIDENTIAL, and they shall not be handed over to any purposes external to this research and the companies or respondents are not quoted by name.

I prepare my dissertation thesis for Centre for Environmental Informatics (CEI), an unit under Professor Tony Alabaster leadership at the University of Sunderland, Northern England. The research is supported by a grant agreed by the University of Sunderland. Currently, the CEI consists of seven researchers and the subject areas include private and public sector social responsibility as well as responsibility for the environment. More information about the CEI can be found from the following internet address: <http://cei.sund.ac.uk>

Sincerely yours,  
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## APPENDIX G THE SURVEY QUESTIONNAIRE

### SURVEY ON CORPORATE SOCIAL RESPONSIBILITY IN THE PERSONNEL/HR MANAGEMENT FIELD

The companies have been selected by using the Talouselämä-magazine list in which the companies are presented with group information. Consequently **the word 'company' refers here to the whole group and survey concerns the group's personnel or human resource management policies/practices in FINLAND.**

#### SECTION 1 ORGANISATIONAL DETAILS

1) Name of the company: \_\_\_\_\_

2) Is your company:

Quoted in Helsinki Stock Exchange  Other limited company  Other, please expand:  
 State/Municipality owned company  Co-operative/association  \_\_\_\_\_

3) To which of the following groups does your company belong? Manufacturing and construction  Services

4) Number of employees in Finland: \_\_\_\_\_ Total number of employees: \_\_\_\_\_

5) Please indicate the approximate proportion of the following employee categories in your company in Finland:

Management \_\_\_\_\_% Clerical \_\_\_\_\_% Manual \_\_\_\_\_%

6) Name and position of the contact person: \_\_\_\_\_

#### SECTION 2 VALUES, PRINCIPLES AND PERSONNEL/HR MANAGEMENT POLICY

1) Has your company defined any of the following?

	Yes, written	Yes, unwritten	No, but included in future plans	No	Don't know
Common values	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vision	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mission	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Broad ethical code/principles	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Principles for social responsibility	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Personnel/HR management strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other, please expand: _____	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2) If you answered YES to one or more of the previous questions, did the employees participate in the process?

	Staff participated widely	The representatives of staff participated	Staff did not participate but were informed about the matter	Staff did not participate and were not informed about the matter	Don't know
Common values	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vision	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mission	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Broad ethical code/principles	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Principles for social responsibility	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Personnel/HR management strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other, please expand: _____	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3) Does your company have a unit co-ordinating personnel or HR management affairs at the upper corporate level?

Yes  No  Other, please expand: \_\_\_\_\_

**4) In what way is your personnel or HR management organised?**

Company has a full-time personnel/HR director  Personnel/HR management is the responsibility of line management   
 Other director is taking care of HR/personnel affairs in addition to usual duties  Other, please expand \_\_\_\_\_

**5) Does the person responsible for personnel or HR management affairs have a place in (please tick as many as appropriate):**

Board of directors  Highest level board of management  Line management  None of the previous  Other, please expand: \_\_\_\_\_

**6) Would you please explain shortly the main principles/objectives of your personnel or HR policy:**

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**SECTION 3 TRAINING AND STAFF DEVELOPMENT**

**1) Has the principle of life-long learning been accepted as one of the aims of you company's personnel or HR management?**

Yes, explicitly  No   
 Yes, but more like implicit in the policy  Don't know   
 No, but included in future plans  Other, please expand \_\_\_\_\_

**2) How important does your company consider the aim of educating the employee in the way that his/her employability would be secured in the future and for all of his/her working life?**

Very important  Fairly important  Cannot say  Not very important  Not at all important

**3) In which areas of training do you think your company will focus during the next 3 years (please tick no more than 3 for each employee category)?**

	Management and/or key personnel	Clerical	Manual
People management and supervision	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business administration and strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Management of change	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information technology	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Technical skills	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Marketing and sales	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Customer service skills	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Health and safety	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cooperative and interactive skills	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Language and international skills	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other, please expand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**4) Approximately, what proportion of annual wages and salaries were spent on training in Finland in the year 2000 (including wages and salaries spent when in training)?** \_\_\_\_\_ % Don't know

**5) Approximately, how many percentages of your staff in Finland participated in training in the year 2000?** \_\_\_\_\_ % Don't know

**6) Does your company organise initial training, mentoring/guidance or training for special needs for any of the following groups of employees (please tick if yes)? (n/a= not applicable)**

	New recruits	Older people n/a	Low skilled n/a
Initial training	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mentoring/guidance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Training for special needs

**7a) Has your company taken into use competence appraisals, regular development discussions and/or personal development plans in collaboration with the employee?**

	Yes, for all categories of staff	Yes, but only for certain staff categories	No, but included in future plans	No	Don't know
Competence appraisals	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Regular development discussions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Personal development plans	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**7b) If you answered 'yes, but only for certain staff categories' to one or more of the previous, please specify the personnel groups generally involved:**

Competence appraisals \_\_\_\_\_  
 Regular development discussions: \_\_\_\_\_  
 Personal development plans: \_\_\_\_\_

**8) Does your company aim at promoting job rotation between different units of the company?**

Yes, all staff categories are encouraged to rotate

Yes, but only certain categories of staff are encouraged to rotate, please explain which categories:

No, but is included in future plans

No

Don't know

Other, please expand: \_\_\_\_\_

**9) Has your company taken into use training, related to the specific development and employment needs of the company, which aims at achieving formal qualifications?**

Yes, for all staff categories

Yes, but only for certain categories of staff, please explain which categories:

No, but is included in future plans

No

Don't know

Other, please expand \_\_\_\_\_

**10) Does your company encourage staff to study on its own accord and use working time for this?**

Yes, all the staff are encouraged to study

Yes, but only certain staff categories, please explain which categories:

No, but is included in future plans

No

Don't know

Other, please expand \_\_\_\_\_

**11) Do employees with, part-time, fixed term and/or temporary contracts participate in training?**

	Yes, in equal terms with others	In accordance with the supervisor	No	Don't know	N/a
Part-time	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fixed term	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other temporary	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**12) Has your company offered training opportunities for any of the following groups? (compare with question 2 section 9)**

	Yes, actively	Yes, to some extent	No, but is included in future plans	No	Don't know
Students	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
University and college leavers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Long-term unemployed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Ageing unemployed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Immigrants/ethnic minorities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
People with disabilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Low-skilled	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other, please expand:					

**13) Is there anything else with regard to staff training/development which you'd like to mention in this context?**

#### SECTION 4 EMPLOYEE INVOLVEMENT

**1) Do your employees have a possibility to choose any of the following methods to communicate their views to management (please tick as many as appropriate)?**

Through immediate supervisor	<input type="radio"/>	Through direct email contact to the managing director	<input type="radio"/>
Through shop stewards	<input type="radio"/>	Through anonymous complaints points	<input type="radio"/>
Through European Work Council	<input type="radio"/>	Through an attitude/job motivation survey	<input type="radio"/>
Through regularly meeting co-operative bodies	<input type="radio"/>	Through a suggestion scheme	<input type="radio"/>
Through regular workplace meetings	<input type="radio"/>	Other, please expand	_____

**2) Which employee categories are formally briefed about strategy and economical performance of your company (please tick if yes)?**

	Management and/or key personnel	Clerical	Manual	Don't know
Strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Economic performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**3) Has your company taken into use team based working which aims at promoting more independent work performance?**

Yes, in use company-wide	<input type="radio"/>	No	<input type="radio"/>
Yes, in use to some extent	<input type="radio"/>	Don't know	<input type="radio"/>
No, but is included in future plans	<input type="radio"/>	Other, please expand	_____

**4) Does your company offer any of the following incentive schemes (please tick as many as appropriate for each staff category)? By result-based pay (tulospalkkiojärjestelmä) it is meant systems in which the bonus to be paid is based on the achievement of the targeted economical results or equivalent development objectives.**

	Management and/or key personnel	Clerical	Manual
Stock option schemes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Personnel fund	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Result-based pay	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Merit or performance related variable pay	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Merit or performance related one-time bonuses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other, please expand: _____	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**5) Is there anything else with regard to participation and involvement of the staff which you would like to mention in this context (independence of the work, delegation of responsibilities, how the initiatives of employees are treated, etc)?**

**SECTION 5 SECURITY IN EMPLOYMENT**

**1) Approximately what proportion of your staff in Finland has a part-time, fixed term or temporary contract?**

Part-time contract                      %      Fixed-term contract                      %      Other temporary contract                      %      Don't know     

**2) Has your company had to reduce its workforce in Finland (number of employees and/or working hours) for economic or reasons related to production in 1999-2001?**

Yes                            No                            Don't know     

**3) If YES, what methods were in use to implement these reductions (please tick as many as appropriate)? If NO, please go to the question 4.**

- |   |                       |   |                       |
|---|-----------------------|---|-----------------------|
| Dismissals                                | <input type="radio"/> | No substitutes hired  | <input type="radio"/> |
| Lay-offs                                  | <input type="radio"/> | Staff transferred to the other tasks within the company                                   | <input type="radio"/> |
| Conversion of full-time jobs to part time | <input type="radio"/> | Decrease in pays and benefits in agreement with the trade-union                           | <input type="radio"/> |
| Natural wastage                           | <input type="radio"/> | General labour time reduction in agreement with the trade union                           | <input type="radio"/> |
| Early retirements                         | <input type="radio"/> | Reduction in overtime hours   | <input type="radio"/> |
| Discontinued fixed-term contracts         | <input type="radio"/> | Employees opportunities to choose more flexibility into their working time were increased | <input type="radio"/> |

Other, please expand: \_\_\_\_\_

**4) In case of redundancies, does your company have the principle to offer help in order to facilitate redundant employees find a new job?**

	Yes	No		Yes	No
Training in order to facilitate an employee to find a new job	<input type="radio"/>	<input type="radio"/>	Collaboration with other companies in order to find a new job for an employee	<input type="radio"/>	<input type="radio"/>
Counselling services	<input type="radio"/>	<input type="radio"/>	Support to an employee to start his/her own business	<input type="radio"/>	<input type="radio"/>
Financial support	<input type="radio"/>	<input type="radio"/>	Other, please expand: _____		

**5) Anything else related to job security and/or duration of the work contract you'd like to mention in this context? (for example principles, adaptation and retraining in case of internal transfers, etc.)?**

**6 EMPLOYEE WELL-BEING AND ABILITY TO COPE WITH WORK**

**1) Approximately, what is the average age of your staff in Finland?** \_\_\_\_\_ Don't know     

**2) Along with legislative requirements, does your company organise/support activities which aim to maintain and promote employees' work ability (here broadly defined as, in addition to individual well-being, issues relating to work community, work organisation and work environment)?**

Yes                            No, but is included in future plans                            No                            Don't know     

**3) If YES, please specify the target groups (please, tick as many as appropriate). If NO, please go to the question 5.**

Own personnel                                            Approximate share in percentages: \_\_\_\_\_ %

Employees families                                            Please specify in which parts: \_\_\_\_\_

Other, please expand (e.g. contractor and subcontractors etc., specify also in which parts): \_\_\_\_\_

**4) If YES, what do these activities include (please, tick as many as appropriate, if any)?**

Individual well-being		Work community and organisation	
G.P. medical care services	<input type="radio"/>	Improving leadership skills and/or procedures	<input type="radio"/>
Specialist doctor services	<input type="radio"/>	Improving the co-operative and interactive skills	<input type="radio"/>
Regular health screenings	<input type="radio"/>	Alleviating the rush and time pressure at work	<input type="radio"/>
Training and/or advice related to healthy living habits	<input type="radio"/>	Improving the management of change and crisis	<input type="radio"/>
Programmes against alcohol/drugs abuse	<input type="radio"/>	Improving internal communication	<input type="radio"/>
Sport and/or recreation events	<input type="radio"/>	Surveys on working atmosphere	<input type="radio"/>
Support to free-time sport and/or recreation	<input type="radio"/>	Work and working conditions	



Organising and/or supporting rehabilitation	<input type="radio"/>	Improving the workplace ergonomics	<input type="radio"/>
Professional help to employees' mental problems	<input type="radio"/>	Improving the hygiene at work	<input type="radio"/>
Programmes tailored for the specific needs of the older employees	<input type="radio"/>	Improving management of threat and violence	<input type="radio"/>
Surveys on stress	<input type="radio"/>	Occupational health and safety system audited by third parties	<input type="radio"/>
Measuring work ability indices	<input type="radio"/>	Analysing the causes of work-related illnesses and accidents	<input type="radio"/>
		Training on health and safety at work	<input type="radio"/>

Other, please expand:

**5) Is there anything else with regard to employee well-being which you would like to mention in this context (e.g. age-conscious personnel management etc.)?**

## SECTION 7 EQUAL OPPORTUNITIES

**1) Has your company prepared codes of practices/plans with regard to promoting equal opportunities at workplaces?**

Yes, written  Yes, unwritten  No, but is included in future plans  No  Don't know

**2) If YES, do these forbid discrimination on any of the following grounds? If NO, please go the question 3.**

	Yes, explicitly	Yes, but more like implicitly	No	Don't know
On the basis of gender	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
On the basis of sexual orientation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
On the basis of age	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
On the basis of disability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
On the basis of race or ethnic origin	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
On the basis of nationality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
On the basis of ancestry	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
On the basis of religion or belief	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other, please expand:	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**3) Has your company prepared codes of practices in order to combat bullying and/or sexual harassment?**

	Yes, written	Yes, unwritten	No, but is included in future plans	No	Don't know
Bullying	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sexual harassment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**4) Do you monitor the number of the following groups with regard to recruitment, training and promotions in order to promote equal opportunities (please tick if yes)?**

	Recruitment	Training	Promotions	Don't know
Women	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Older people	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ethnic minorities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Different nationalities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
People with disabilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**5) Has your company used any of the following in order to promote equal opportunities?**

	Yes	No, but is included in future plans	No	Don't know
Diversity training	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Surveys on employees' perceptions of equality in the company	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Targeted recruiting in order to balance gender segregation, Males or females:	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Paid attention to equality in wages

6) Has your company prepared codes of practice to deal with discrimination cases (opportunities to complain, treatment of complaints)?

Yes  No, but is included in future plans  No  Don't know

If YES or included in future plans, please explain in more details:

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7) Would you please indicate the approximate share of women of your total workforce in Finland?  %  Don't know

8) Would you please indicate the approximate share of women in your company's management in Finland?

		Don't know	
Top management	%	<input type="radio"/>	
Senior management	%	<input type="radio"/>	
Middle management	%	<input type="radio"/>	
Management positions in general	%	<input type="radio"/>	

9) Does your company have foreign employees on its payroll in Finland?

Yes  No  Don't know  If YES, approximately  % of workforce how many

10) Is there anything else related to equal opportunities, which you would like to mention in this context (e.g. projects, balancing the cultural differences, etc.)?

---

## SECTION 8 WORK-LIFE BALANCE

1) Has your company adopted the principle of being flexible in working hours when it comes to:

	Yes, in general the company has adapted the principle of being flexible	In accordance with the supervisor	Not much possibilities	Don't know
Child care needs of the employees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Needs of the employees to look after their sick next-of-kin	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Hobbies of the employees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Voluntary work of the employees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other, please expand: _____	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2) Do your company employees have a possibility to choose flexible working times/career breaks in order to better balance their family and private commitments? (please, tick as many as appropriate, if any)

Flexitime	<input type="radio"/>	Time banking	<input type="radio"/>	Compressed week	<input type="radio"/>
Teleworking	<input type="radio"/>	Sabbatical	<input type="radio"/>	Part-time (in excess to legislative requirements)	<input type="radio"/>
Job alternation leave	<input type="radio"/>	Part-time pension	<input type="radio"/>	6+6 shifts	<input type="radio"/>
Other, please expand: _____					

3) Has you company:

	Yes	No, but is included in future plans	No	Don't know
Organised free or subsidised child care	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Organised daycare to the employees sick children	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Offered better maternity and/or paternal leave advantages than stipulated in law and collective agreements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Encouraged men to use their family leave options	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Organised supplementary training for those returning from family leave	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Committed surveys on staff perceptions on implementation of work-life balance at workplaces	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4) Anything else related to work-life balance, which you'd like to mention in this context (e.g. concierge services, counselling related to private affairs or problems, etc.)?

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## SECTION 9 PROMOTING EMPLOYMENT AND GROUPS EXPERIENCING DIFFICULTIES ON LABOUR MARKETS

1) Have you increased or decreased your personnel in Finland in 2000 (mergers, acquisitions and other transactions excluded)?

Number of personnel has been increased by recruitments	<input type="radio"/>	Approximately	%
Recruitments have been used to replace wastage	<input type="radio"/>		
Number of personnel has been decreased	<input type="radio"/>	Approximately	%
Other, please expand			

---

2) Has your company targeted any of the following groups in its recruitment process?

	Yes, actively	Yes, to some extent	No, but is included in future plans	No	Don't know
University and college leavers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Long-term unemployed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Older people	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Immigrants/ethnic minorities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
People with disabilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Low-skilled	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other, please expand					

---

3a) Has your company defined principles/guidelines with regard to employment of people with disabilities?

Yes	<input type="radio"/>	No, but included in future plans	<input type="radio"/>	No	<input type="radio"/>	Don't know	<input type="radio"/>	Other, please expand:
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If you answered YES or included in future plans, please explain more:

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3b) Are there any people with disabilities working for your company in Finland at the moment?

Yes	<input type="radio"/>	Approximate number	_____	Approximate share of workforce	_____	%	Number has not been controlled	<input type="radio"/>
No	<input type="radio"/>							
Don't know	<input type="radio"/>							

3c) If YES, please explain in what kind of tasks they generally work? If NO, please go to the question 4.

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3d) Please, explain whether the contracts are new or old ones (disabled when employed by the company), regular or fixed term and did your get any form of support for the employment?

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3e) Please explain the type(s) of disability and measures taken into use in order to facilitate job adaptation?

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4) If your company has *employed and/or offered training possibilities*, for example, for unemployed, immigrants, ethnic minorities and/or low-skilled etc., please name a) the group(s), b) form of support/partnership (if appropriate) and c) tell about job description, length of the contract and possible measures to facilitate job adaptation (e.g. language courses for immigrants etc.)

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5) Anything else with regard to your recruitment policies which you'd like to mention in this context?

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**SECTION 10 REPORTING AND MEASURING THE PROGRESS**

1) Does your company report publicly about its personnel or HR management policies/practices (exceeding the legislative requirements) in any of the following?

	Yes	No, but is included in future plans	No	Don't know
As part of the annual report	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
As part of a more general society/sustainability report or equivalent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In a separate personnel report for public distribution	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In a company website	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other, please expand _____				

2) If you answered YES to one or more of the previous, are the employees consulted when preparing the reports?  
 Yes, the employees are consulted actively  Yes, to some extent  No  Don't know

3) If you report publicly about your personnel or HR management policies/practices or are planning to do so in the future, would you explain why you feel that reporting is necessary and to whom the reports are addressed?

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4) If you do not report publicly about your personnel or HR management policies/practices and are not planning to do it in the near future, please explain why not?

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5) Have you tried to measure your personnel or HR management practices (or any parts of it like equal opportunities, health and safety) internally or against e.g. best practices (If YES, please expand?)

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6) Has your company applied and received any certificates or equivalent based on standards which include criteria related to personnel/HR management practices (e.g. quality certificates, health and safety certificates, Responsible Care – programme, etc.)?

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7) Has your company received any related awards (good employer award by the Minister of Labour, VATES, awards for reporting etc.) or has your company been accepted to any ethical investment fund or indices which include criteria related to personnel/HR management practices (e.g. Dow Jones Sustainability index etc.)?

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SECTION 11 ANY COMMENTS?

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The names of the respondents or companies are not quoted when interpreting the results of the survey. I would, however, if it is convenient, like to include those who responded to the survey in the final thesis acknowledgement. Indicate as preferred.

Yes  No

Many thanks for help! Please return to: Taru Vuontisjärvi , CEL, School of Sciences, Benedict Building, University of Sunderland, ST George's Way, SR2 7BW, Sunderland, United Kingdom

## APPENDIX H: List of Companies which Sent their Annual Report

Name of the company	Industry
1. A-vakuutus Mutual	Insurance
2. Ahlström	Multisector
3. Aktia Savings Bank	Finance and investment
4. Alandsbanken	Finance and investment
5. Alko	Retail trade
6. Alma Media	Media
7. Altia	Food, drinks
8. Amer	Multisector
9. Aspo	Multisector
10. Aspocomp	Electronics
11. Atria	Food, drinks
12. Avena	Food, drinks
13. Berner	Wholesale trade
14. Birka Line	Transport and forwarding
15. Chips	Food, drinks
16. Componenta	Mining, metals, metal products
17. Eckerö Rederi	Transport and forwarding
18. Edita	Media
19. Eimo	Chemicals and plastics
20. Elanto	Retail trade
21. Elcoteq Network	Electronics
22. Elisa Communications	Telecom services
23. Engel	Business services
24. Ensto	Multisector
25. Fennia	Insurance
26. Espoo Electricity	Energy
27. Etelä-Pohjanmaa Co-op Retailer	Retail trade
28. Evli	Finance and investment
29. Evox Rifa	Electronics
30. Fazer	Food, drinks
31. Fingrid Group	Energy
32. Finland Post	Transport and forwarding
33. Finnair	Transport and forwarding
34. Finnlines	Transport and forwarding
35. Finnvera	Finance and investment
36. Finnwear	Textiles
37. Fiskars	Mining, metals, metal products
38. Fortum	Energy
39. GWS	Multisector
40. Hackman	Multisector
41. Hämeenmaa Co-op Retailer	Retail trade
42. Hartwall	Food, drinks
43. Helvar Merca Group	Multisector
44. HEX	Business services
45. HK Ruokatalo	Food, drinks
46. HOK	Retail trade
47. Hollming	Multisector
48. Honkarakenne	Construction/materials
49. Huhtamäki	Packaging
50. Huurre	Mining, metals, metal products
51. HYY Group	Consumer services
52. Ilmarinen	Insurance

53. Incap	Multisector
54. Indoor Group	Furniture
55. Inex	Wholesale trade/daily goods
56. Ingman Group	Food, drinks
57. Instrumentarium	Multisector
58. Isku	Furniture
59. Jaakko Pöyry	Business services
60. Jot Automation	Electronics
61. Kapiteeli	Finance and investment
62. Karjaportti	Food, drinks
63. KCI Konecranes	Mining, metal, metal products
64. Kemira	Chemicals and plastics
65. Keskimaa Co-op Retailer	Retail trade
66. Kesko	Wholesale trade/daily goods
67. Kone	Mining, metals, metal products
68. KPO	Retail trade
69. Kuusakoski	Mining, metals, metal products
70. KWH Group	Multisector
71. Kyrö	Multisector
72. Lahden polttimo	Food, drinks
73. Lahti Energy	Energy
74. Lännen tehtaas	Food, drinks
75. Lassila & Tikanoja	Multisector
76. Lemminkäinen	Construction/materials
77. Lillbacka Group	Mining, metals, metal products
78. Mandatum	Finance and investment
79. Martela	Furniture
80. Metsäliitto	Forest
81. Metso	Mining, metals, metal products
82. Nokia	Electronics
83. Nokian Tyres	Chemicals and plastics
84. Nordic Aluminium	Mining, metals, metal products
85. Novo Group	Information technology
86. OKObank Group Central Co-op	Finance and investment
87. Olvi	Food, drinks
88. Onvest	Wholesale trade
89. Oras	Mining, metals, metal products
90. Orion	Chemicals and plastics
91. Otava	Media
92. Outokumpu	Mining, metals, metal products
93. Partek	Mining, metals, metal products
94. Patria Industries	Mining, metals, metal products
95. Paulig	Food, drinks
96. Peeässä Co-op Retailer	Retail trade
97. Perlos	Chemicals and plastics
98. Pirkanmaa Co-op Retailer	Retail trade
99. PKC Group	Electronics
100. Pohjois-Karjala Co-Op Retailer	Retail trade
101. Pohjola	Insurance
102. Pohjolan Voima	Energy
103. Ponsse	Mining, metals, metal products
104. PPTH-Norden	Mining, metals, metal products
105. PRT-Forest	Construction/materials
106. Raisio Group	Multisector

107.	Rautaruukki	Mining, metals. metal products
108.	Raute	Mining, metals, metal products
109.	RAY Gaming Operator	Consumer services
110.	Rettig	Multisector
111.	Saarioinen	Food, drinks
112.	Salo Co-op Retailer	Retail trade
113.	Sampo	Finance and investment
114.	Sanoma-WSOY	Media
115.	Satakunta Co-Op Retailer	Retail trade
116.	Sato	Consumer Services
117.	Savo Energiaholding	Energy
118.	Seutu Co-Op Retailer	Retail trade
119.	Snellman	Food, drinks
120.	SOK	Wholesale trade/daily goods
121.	Sonera	Telecom services
122.	Soon	Telecom Services
123.	SRV Viitokset Holding	Construction/materials
124.	Steveco	Transport and forwarding
125.	Stockmann	Retail trade
126.	Stora Enso	Forest
127.	Sunila	Forest
128.	Suomi	Insurance
129.	Talentum	Media
130.	Tamfelt	Textiles
131.	Tamro	Wholesale trade
132.	Tapiola	Insurance
133.	Teknos	Chemicals and plastics
134.	Teleste	Electronics
135.	Thominvest	Multisector
136.	TietoEnator	Information technology
137.	TOK Group	Retail trade
138.	Tradeka	Retail trade
139.	TS Group	Media
140.	Turku Energy	Energy
141.	University Pharmacy	Retail trade
142.	Upm-Kymmene	Forest
143.	Uponor	Chemicals and plastics
144.	Vaisala	Electronics
145.	Valio	Food, drinks
146.	Vantaa Energy	Energy
147.	Vapo	Multisector
148.	Varma-Sampo	Insurance
149.	Varuboden Co-Op Retailer	Retail trade
150.	Veho	Motor vehicle sales
151.	Veikkaus	Consumer Services
152.	Verdandi	Insurance
153.	Viking Line	Transport and forwarding
154.	VR Group	Transport and forwarding
155.	VVO	Consumer services
156.	Wärtsilä	Mining, metals,metal products
157.	YIT Group	Construction/materials
158.	YLE Finnish Broadcasting Co	Media
159.	Ympäristö Co-op Retailer	Retail trade
160.	Ympyrä Co-op Retailer	Retail trade



## APPENDIX I ANNUAL REPORTS: DISCLOSED INDICATORS BY FORTUM

<b>Values, principles</b>
Values
<b>Training and staff development</b>
<i>Principle and process indicators</i>
Lifelong learning/continuous learning
Development discussions
Personnel development plans
Job rotation
<i>Performance indicators</i>
Cost of training
Time spent for training
<b>Participation and staff involvement</b>
<i>Principle and process indicators</i>
Principle of open/two way communication
Teams
Representation of personnel in the company administration
<b>Pay and benefits</b>
<i>Principle and process indicators</i>
Option schemes
Personnel fund
Incentive scheme
Shares/options owned by managers
<b>Security in Employment</b>
<i>Performance indicators</i>
Number of internal rotations
<b>Employee well-being and activities related to work ability</b>
<i>Performance indicators</i>
Number of occupational injuries
<b>Equal opportunities</b>
<i>Principle and process indicators</i>
Principle of non-discrimination/equal opportunities
Equal opportunity plan
<i>Performance indicators</i>
Break down by gender
Average age
<b>Work-life balance</b>
<i>Principle and process indicators</i>
Principle of work-life balance
<b>Employment policy</b>
<i>Principle and process indicators</i>
Positive employer image
Traineeships for students
Measuring the external employer image
<i>Performance indicators</i>
Number of traineeships
Number of new recruits
Results of the external employer image surveys
<b>Measurement of policies</b>
<i>Principle and process indicators</i>
Working atmosphere survey
External survey
<i>Performance indicators</i>
Working atmosphere index

## APPENDIX J ANNUAL REPORTS: DISCLOSED INDICATORS BY OUTOKUMPU

<b>Values, principles</b>
Values
Vision
<b>Training and staff development</b>
<i>Principle and process indicators</i>
Initial training
Competence appraisals
Job rotation
Training aiming at achieving formal qualifications
Support for employees studies on their own accord
<i>Performance indicators</i>
Cost of training
Time spent for training
<b>Participation and staff involvement</b>
<i>Principle and process indicators</i>
Co-operative body
Teams
Representation of personnel in the company administration
<i>Performance indicators</i>
Number of day/losses in production related to industrial action
<b>Pay and benefits</b>
<i>Principle and process indicators</i>
Option schemes
Incentive schemes
Shares/options owned by managers
<b>Employee well-being and work ability</b>
<i>Principle and process indicators</i>
Principle of zero accidents
Improving the hygiene at work
Analysing the causes of work related accidents, safety surveys
Health and safety training
<i>Performance indicators</i>
Number of occupational injuries
Rate of absence
<b>Equal opportunities</b>
<i>Performance indicators</i>
Breakdown by age
<b>Employment policy</b>
<i>Principle and process indicators</i>
Positive employer image
<i>Performance indicators</i>
Number of new recruits
<b>Measurement of policies</b>
<i>Principle and process indicators</i>
Working atmosphere survey
Other internal survey
<i>Performance indicators</i>
Turnover
Break down by length of employment contract
Ethical funds

## APPENDIX K: PERSONNEL REPORTS: DISCLOSED INDICATORS BY HYY GROUP

<b>Values, principles</b>	<b>Employee well-being and work ability</b>
SR/Ethical principles	<b>Principle and process indicators</b>
<b>Training and staff development</b>	Stress on preventive activities
<b>Principle and process indicators</b>	G.P services
Lifelong learning/continuous learning	Special doctor services
Initial training	Training, advice on health issues
Competence appraisals	Health screening, follow up
Development discussions	Action against drugs or alcohol
Personnel development plans	Support for sport or recreation
Job rotation	Support for rehabilitation
Training aiming at achieving formal qualifications	Special attention paid to ageing people
Support for employees' studies on their own accord	Measurements on individual well-being
<b>Performance indicators</b>	Improving the workplace ergonomics
Cost of training	Improving the hygiene at work
Time spent for training	<b>Performance indicators</b>
Perception measures	Rate of absence
<b>Participation and staff involvement</b>	Occupational health costs
<b>Principle and process indicators</b>	Number of occupational injuries
Immediate supervisor as a communication channel	<b>Equal opportunities</b>
Personnel guide	<b>Principle and process indicators</b>
Personnel newsletter	Principle of non-discrimination/equal opportunities
Suggestion scheme	Equal opportunity plan
Co-operative body	Diversity/equal opportunity training
Work-force meetings	Surveys on equality
Trade-unions, collective agreements	Measures to facilitate the adaptation of immigrants/ethnic minorities
Informing personnel about financial performance	<b>Performance indicators</b>
Teams	Breakdown by gender
Representation of personnel in company administration	Number of immigrants/ethnic minorities
<b>Performance indicators</b>	Breakdown by age
Perception measures	Average age
<b>Pay and benefits</b>	<b>Work-life balance</b>
<b>Principle and process indicators</b>	<b>Principle and process indicators</b>
Just, equal pay	Principle of work-life balance
Incentive schemes (results, performance etc)	Flexitime
<b>Performance indicators</b>	Complementary training for those returning on family leave
Perception measures	<b>Employment policy</b>
<b>Security in Employment</b>	<b>Principle and process indicators</b>
<b>Principle and process indicators</b>	Positive employer image
Break down by part-time/full-time	Traineeships for students
Break down by fixed term/regular	<b>Performance indicators</b>
	Number of new recruits
	<b>Measurement of policies</b>
	<b>Principle and process indicators</b>
	Working atmosphere survey
	Other internal survey
	External survey
	<b>Performance indicators</b>
	Working atmosphere index
	Turnover
	Average length of employment contract

## APPENDIX L: CSR REPORTS: DISCLOSED INDICATORS BY KESKO

<b>Values, principles</b>
Values
Vision
SR/Ethical principles
<b>Training and staff development</b>
<b>Principle and process indicators</b>
Life-long learning/continuous learning
Job rotation
<b>Performance indicators</b>
Cost of training
Time spent for training
<b>Participation and staff involvement</b>
<b>Principle and process indicators</b>
Principle of open/two way communication
Co-operative body
Trade-unions, collective agreements
<b>Pay and benefits</b>
<b>Principle and process indicators</b>
Incentive schemes (results, performance etc)
<b>Performance indicators</b>
Average wage
<b>Security in Employment</b>
<b>Principle and process indicators</b>
Long, secure contracts
<b>Performance indicators</b>
Number of internal rotations
<b>Employee well-being and work ability</b>
<b>Principle and process indicators</b>
Stress on preventive activities
Support for sport or recreation
<b>Performance indicators</b>
Rate of absence
Occupational health costs
<b>Equal opportunities</b>
<b>Principle and process indicators</b>
Principle of non-discrimination/equal opportunities
Equal opportunity plan
Attention paid to equality in wages
<b>Performance indicators</b>
Breakdown by gender
Average age
Number of women in management positions
<b>Work-life balance</b>
<b>Principle and process indicators</b>
Principle of work-life balance
Encouragement for men to use their family leave options
<b>Employment policy</b>
<b>Principle and process indicators</b>
Positive employer image
Traineeships for students
Measuring the external employer image
<b>Performance indicators</b>
Number of traineeships
Number of new recruits
Results of external employer image surveys
<b>Measurement of policies</b>
<b>Principle and process indicators</b>
Working atmosphere surveys
Other internal survey
External survey
<b>Performance indicators</b>
Working atmosphere index
Turnover
Standards
Ethical funds