

# Evaluation of the Finnish Employment Services and some insight about our Current Situation

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# Key differences between Danish and Finnish PES



# The Finnish PES in a nutshell

- In 2025, the public employment services were transferred to **employment areas** consisting of one or more municipalities with a labour force base of at least 20,000 people.
  - On the basis of this, a total of 45 autonomous employment areas were formed
- The **municipality's financial responsibility** for unemployment benefits was expanded and in connection with the reform
  - Municipalities will contribute to the financing of the basic amount of the unemployment benefit at an earlier stage. The financial responsibility was extended to all earnings-related and basic unemployment allowance as well.
  - Activation in services for the unemployed do not transfer the financial responsibility for the benefit to the state.
- Most of the **jobseeker, employer and business services** that were transferred to municipalities and employment regions.
  - The following tasks were centralized to the state: national digital systems, knowledge-based management services and statistics and certain other tasks
- In theory, the central government is responsible for **steering the PES**, but municipalities are independently responsible for steering their own services
  - The division of powers between the central government and the employment regions is an unclear and even controversial issue (state steering vs. independent municipalities)

# Key differences between Danish and Finnish PES

## ■ Decentralization

- Denmark: Largely well-established decentralized service system
- Finland: A decentralized system in transition that is still taking shape

## ■ Active labour market policy

- Denmark: Activation principle very strong, strict obligations to participate in services
- Finland: Significant convergence with Denmark, including the job search obligation and increased number of job search discussions.

## ■ Service integration

- Denmark: An integrated system with services, benefits and data in the hands of JobCentres
- Finland: Payment of benefits and PES largely separate, as well as registers and data

## ■ Resources

- Denmark: Significantly more resources in relation to the number of jobseekers
- Finland: Resources per jobseeker relatively small, even though obligations have expanded

## ■ Data-driven guidance

- Denmark: Strong monitoring that has been in use for a long time, numerous experimental designs, significantly increased resourcing
- Finland: The system is still developing, but significant progress has been made in the short term

# Evaluation and monitoring of employment services in Finland after 2025

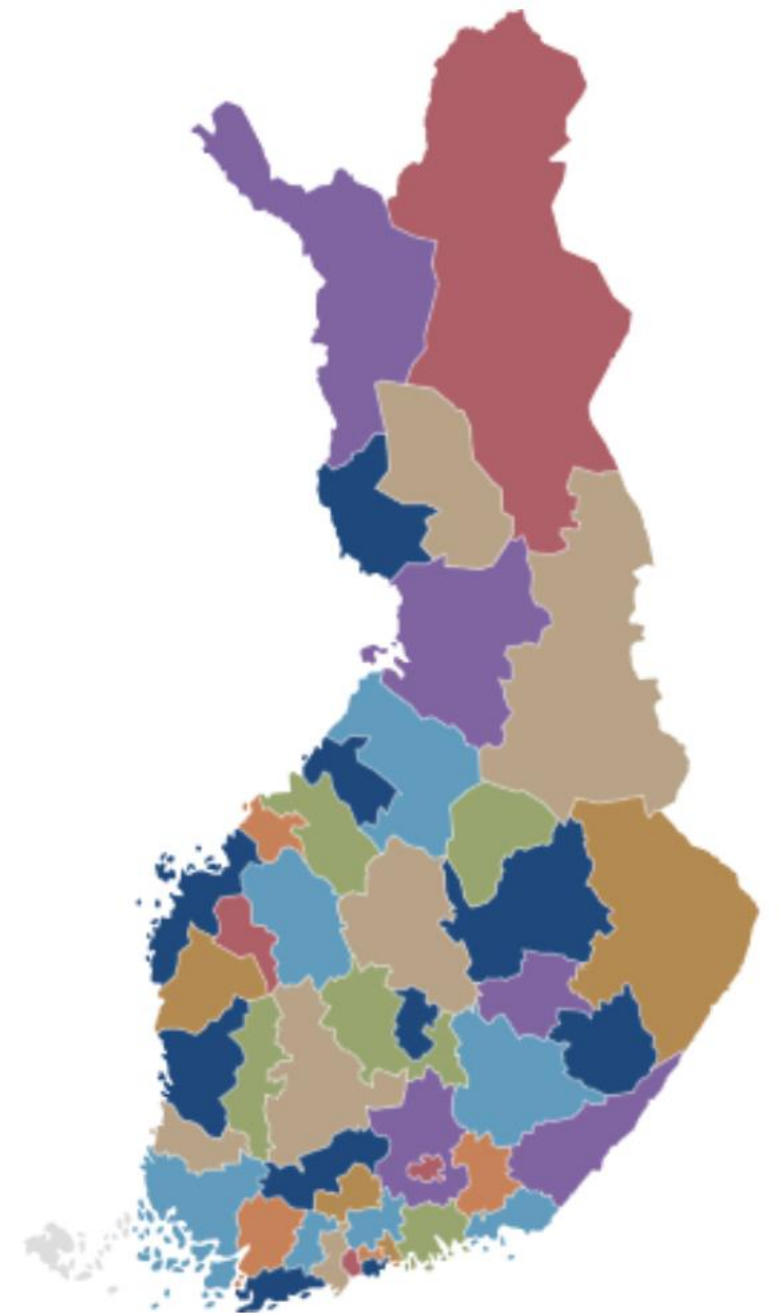


# Knowledge-based Management at the KEHA Centre

- Supporting Knowledge-based management of PES and evaluation and monitoring of the performance of public employment (and integration) services are statutory tasks for the KEHA Centre
- **The tasks include:**
  - Evaluation and monitoring effectiveness of the employment services
  - Evaluation and monitoring effectiveness of the integration services
  - Monitoring of the multidisciplinary employment services
  - Development and maintenance of national BI-reporting systems and statistical systems
  - Maintenance and development of PES Datasets and data packages for the needs of employment areas
  - National and international statistical cooperation and development of statistical systems
  - Centralized analysis of the Finnish labour market trends
  - Foresight of labour and skills needs on labour markets
  - Research permits and researcher collaboration

# Evaluating the Effectiveness of Public Employment Services in KEHA-Centre

- The KEHA Centre is responsible for the evaluation and monitoring of 45 individual Employment Areas
  - The evaluation is an official part of the guidance of the PES system and the dialogue between the state and municipalities
  - The KEHA Centre compares employment areas with each other and analyses the effectiveness and difference of their service models
- Once a year, the KEHA Centre prepares:
  - 45 regional **expert evaluations** of the effectiveness of the Public Employment Service based on predefined KPIs
  - One **national expert evaluation** of the state of the PES-system
  - In addition, a **statistical review of key indicators** related to every employment area will be compiled 3 times a year
  - Also raw data is provided to Employment Areas



# A Summary of the KEHA Centre's Expert Evaluation

- The evaluation carried out by the KEHA Centre is divided into two parts:
  - Monitoring and evaluation of **Nation Wide KPIs** set by the Finnish government (and Ministry of Economic Affairs and Employment)
  - Monitoring and Evaluation of **Operational KPIs Related to Implementation of Employment Services** (KEHA)
- The evaluation will pay attention to the following themes:
  1. Status and development of the national KPIs
  2. Changes in the operating environment of employment services
  3. Costs of Public Employment and Integration Services
  4. Effectiveness and use of public employment services
  5. Effectiveness and use of active labour market services
  6. Equal access to employment services
  7. Customer satisfaction and quality of employment services
- In addition, the good practices and different **operating models highlighted** by the employment areas themselves are collected and highlighted
- In 2026 KEHA Centre published first **Tax Income Register based indicators**
  - Also KEHA Centre has developed synthetic control groups for every Employment Area

# Key Findings after TE-Reform (2025)



# Key findings

## ■ All Employment Areas started in 2025 in a very challenging labour market situation:

- Unemployment, especially long-term unemployment was rising sharply, and demand of labour was in contrast declining
- Wide unemployment developed much more favorably, and growth seemed to level off throughout the country towards the end of the year.

## ■ The beginning of the year caused a natural "shock reaction" in many employment areas, from which some regions have recovered quickly and others more slowly

- For example, in Central Finland, Kainuu-Koillismaa and South Ostrobothnia, the situation returned very quickly to the "base level" and even above it
- Of the large employment areas, the situation is stable in many respects, especially in the Tampere and Oulu regions, although the challenges of large numbers of customers and the labour market situation are visible
- Uusimaa faces several challenges, especially in the large employment areas (Helsinki, Espoo-Kauniainen, Vantaa), but also more broadly in the region. However, the situation has partly started to stabilize towards the end of the year.

# Key findings

- **Flows into unemployment in some employment areas were at historically high levels in the early part of the year**
  - For example, in many employment areas of Uusimaa, the flow of unemployment over 3 months exceeded 70% in all regions in the first half of the year
- **Use of active labour market policy services has decreased considerably**
  - For example, the service guidance to pay-subsidised work and coaching services decreased significantly
  - Self-motivated studies with unemployment benefit and labour market training remained close to the previous level
- **Unemployment security processes had very short processing times throughout the year, but at the same time, the number of requests for clarification received decreased significantly**
- **The number of obligatory job offers continued at a very low level, but decreased further in 2025**

# Key findings

## ■ The share of up-to-date service plans decreased significantly in January-April

- The situation began to improve from March onwards, and by the end of the year, many regions had climbed to the previous baseline level

## ■ Significant differences in the implementation of the statutory service model for jobseekers

- The initial interview took a maximum of 50 days (employment areas in Ostrobothnia) and the shortest 7 days
- By the end of the year, the situation had improved significantly
- Face-to-face contact is clearly a more common service channel in small and medium-sized areas

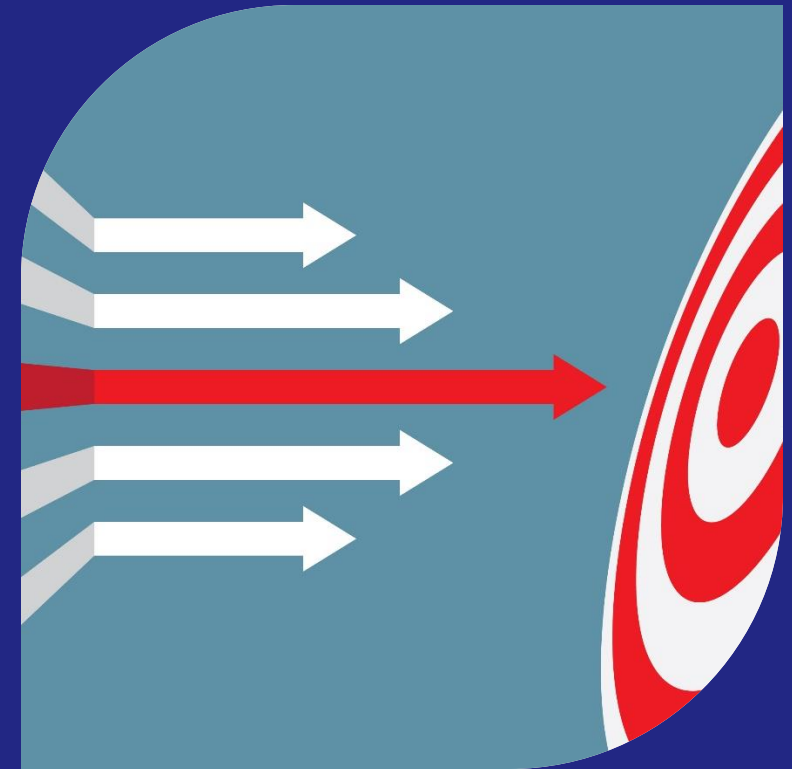
## ■ Jobseekers' customer satisfaction with employment services has remained at a good level

## ■ The costs of unemployment benefits co-financed by municipalities have risen significantly. In many areas, costs have more than doubled.

- The largest costs (61%) are incurred over 700 days. of jobseekers who have received unemployment benefit. This will certainly challenge the opportunities to develop services in an agile manner

# Areas for development

Knowledge-based management and the PES system



# Areas for development: service system

## ■ The funding model for Employment Areas and PES must be redefined

- In a weak economic situation, the model is particularly cruel for Employment Areas and municipalities, whose finances are already tight.
- The model does not sufficiently encourage the use of activation services. Only employment in the open labour market would cut off the municipality's fines. In the long term, this may have a weakening effect on the employment readiness of the unemployed.

## ■ Interregional cooperation in e.g. employment services and guidance of services needs to be strengthened

- In the early stages, the employment areas focused on launching their own services, and supraregional cooperation is still taking shape.
- Good practices: Cooperation between the large cities of the Helsinki Metropolitan Area, but in many respects the municipalities tend to protect their own practices

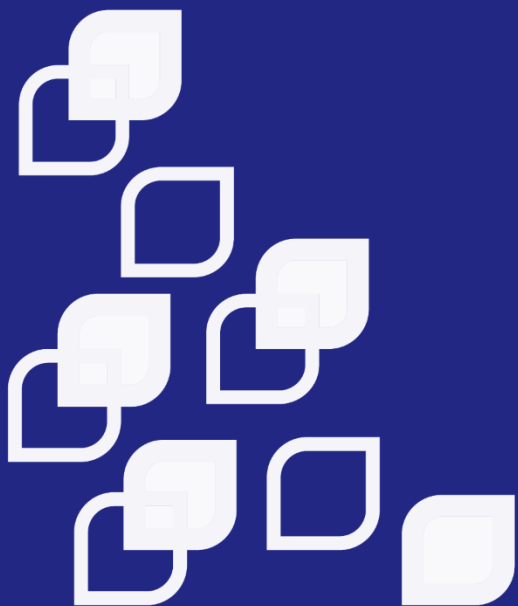
## ■ Closer integration of **non-statutory and statutory employment services** is needed

- At the moment, the non-statutory employment services provided by municipalities do not form a clear whole, and there is no national visibility for their use

# Areas for development: Knowledge-based management of employment services

- **Joint development of knowledge-based management** between the state and municipalities to make evaluation and monitoring more functional
  - The interests of the state and municipalities are in many respects the same, but more discussion is needed
- **Non-statutory employment services** included in the compilation of statistics
  - At the moment, the discussion cannot be conducted in a data-driven manner, as the service information is not nationally accessible
- More investment in **methodological research and a culture of experimentation** in employment services and processes
  - RCTs, rapid need-based studies...
- Strengthening the **culture of knowledge-based management**
  - Information, both critical and positive, is seen as an opportunity to develop one's own operations to be more efficient

# Thank you



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