



Governance of employment in the times of data-driven (de)centralization

Case of current employment service reform in Finland (TE2024)

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A Long-Standing Debate

Where should authority over public services sit?

Decentralisation

Authority over services moves outward to regional and local actors closer to the conditions in which welfare is delivered.

- Local responsiveness
- Flexibility and adaptation
- Fit with territorial conditions

Centralisation

Authority over services remains at the centre to ensure consistency, oversight, and shared standards across territory.

- Coordination and comparability
- Uniform standards
- Central steering and oversight

Neither principle alone has ever been adequate. Welfare governance has always had to balance the two.

The Debate in Practice

European public employment services have moved between the two principles for decades

1980s and 1990s

Centralised state PES

Most European countries operated employment services through centrally administered state agencies, with uniform national standards.

2000s and 2010s

Decentralisation wave

Responsibility transferred to regions and municipalities across many welfare states, in the name of local responsiveness and activation reform.

2020s

Re-centralisation through data

Decentralised service delivery is increasingly governed through centralised digital infrastructures, monitoring frameworks, and shared data systems. (OECD, 2025)

The debate has never resolved. It has reappeared in new forms, most recently through digitalisation.

Where the Debate Stands Now

The newest shape of the old debate.

Governance needs: Heterogenous solutions for heterogenous realities

Governance of employment services in the welfare state require service delivery with local responsiveness or what we, in Finland, also call the Nordic Model of employment services i.e., heterogenous realities getting tailor made heterogeneous services.

Datafication needs: Centralization and standardization at system level

However, the datafication of any system, by its logic, it requires centralization. Datafied systems by logic and function require systems to be centrally operated through a data bank making centralization as pre-condition for adopting any new datafied solutions now or in future.

Therefore, currently, we stand at a place where we are operating the traditional idea of welfare reform decentralization without considering the change that datafication of systems and services bring to it.

We are looking at new logic of reform with the old lens.

Finland's TE2024 reform is one of the clearest cases where this new shape of the debate is visible.

The TE2024 Reform

January 2025 | Finland

Before

- 15 state-run TE offices
- Centrally administered employment services
- Legacy digital systems (URA) standardised national delivery model



After

- 45 autonomous municipal employment regions
- Local responsibility for service delivery
- New national digital infrastructure (KEHA Centre)
- Locally adapted activation within national standards

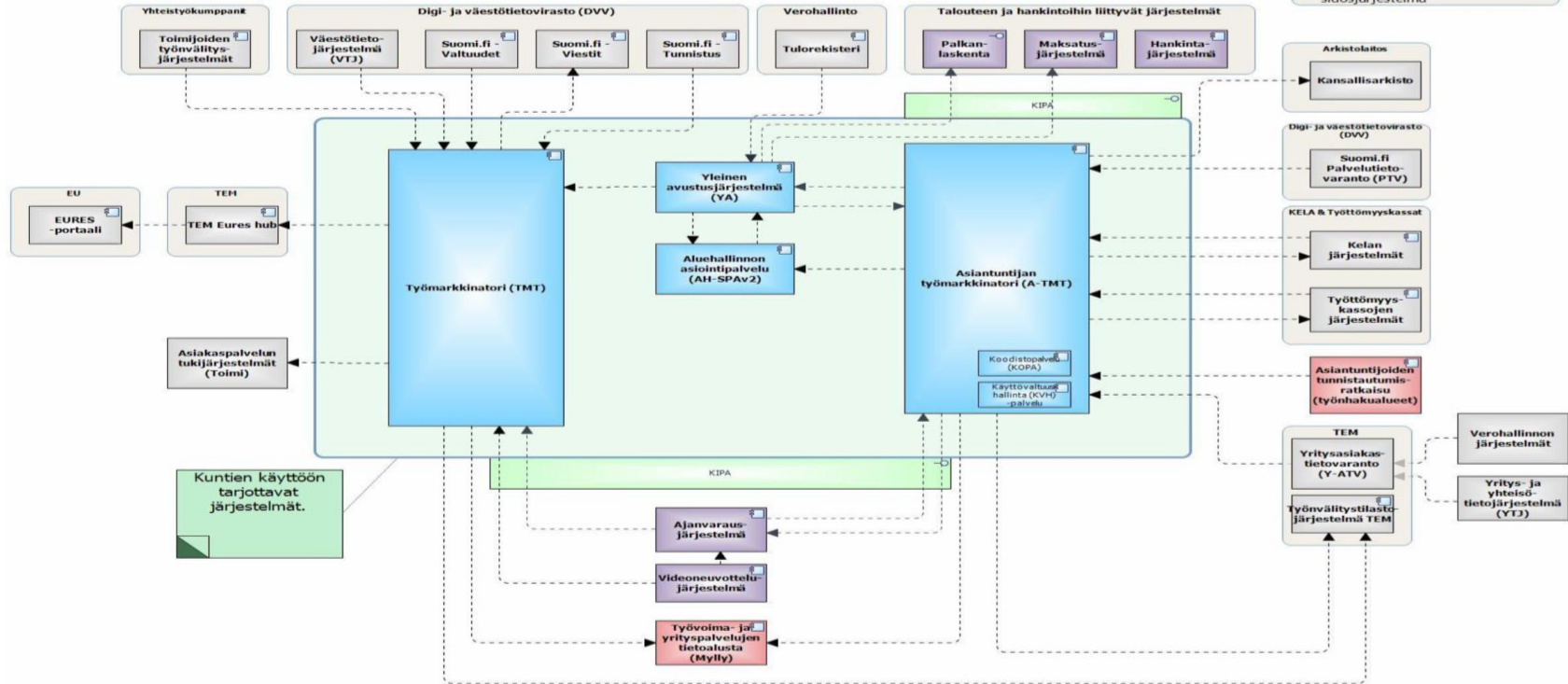
A simultaneous decentralisation of services and centralisation of digital infrastructure

National Digital Infrastructure



Kuntien käyttöön tarjottavat operatiiviset työvoimapalvelujen tietojärjestelmät ja niiden liittymät

- Järjestelmien värikoodaus**
- Kunnille käyttöön tarjottava järjestelmä
 - Epäselvä / ratkaisematta
 - Kuntien oma järjestelmä
 - Ulkopuolinen, sidosjärjestelmä



Why Does This Matter ?

How the reform reshapes the governance of employment activation



The activation model is Nordic, the infrastructure is universal

Intensive, personalised counselling sits inside a system built on standardised categories and uniform performance indicators.



Local knowledge meets centrally encoded logic

Employment specialists hold the contextual knowledge, but the system architecture decides what counts as a case, a need, and an outcome.



Governance, therefore, is being reshaped through infrastructure

Reform of who delivers services and who has the authority over data systems through which they deliver them are two separate units.

In Our Own Work

How we examine this case

Lens

We use the concept of frictions to capture what happens when decentralized service delivery and centralized data infrastructure operate simultaneously.

Method

Qualitative interviews with employment services bureaucrats across diverse Finnish employment regions.

The Datafied Welfare State

A broader transformation, of which TE2024 is one expression

Visibility or Blind spots ?

Welfare needs and outcomes are rendered visible only through what the data architecture can record.

Shift in Focus

Datafication has changed the focus, the systems are no longer being updated or changed to take in account the needs of clients or municipalities but to technical issues making needs of municipalities from the system getting ignored.

Coordination

Legislative confusion between regulating systems and deregulating employment region work leaves no space for coordination within institutions.

Accountability

Local employment regions are now held accountable for mismanagement of systems that they are not really responsible for.

TE2024 : as a Generative Case

Beyond Finland and beyond employment services

Real time observation

The reform came into effect in January 2025, offering an unusually clean opportunity to study welfare digitalisation as it unfolds rather than in retrospect.

Visible dual movement

Decentralisation of services and centralisation of digital infrastructure are happening in the same reform, in the same country, at the same time.

High stakes labour market context

42 percent of the unemployed are structurally distant from the open labour market and long-term youth unemployment has nearly doubled in three years (EVA, 2025).

Comparative reach

The conditions TE2024 produces are not unique to Finland. The same arrangement is emerging across Nordic and Baltic welfare states under different institutional forms.

Comparative Directions

Where this case opens onto wider European comparison

Finland

TE2024

Recent decentralisation combined with national digital infrastructure under the KEHA Centre.

Estonia

Digital first welfare state

Welfare services already built on a deep national data architecture. Useful as a comparator for what a fully datafied welfare state produces over time.

Denmark

Municipal welfare with central data

Long-standing strong municipal welfare governance combined with central data steering. A natural comparator for the friction between local autonomy and central data control.

The Finnish case is not unique, but it is unusually visible. The comparative literature on datafied welfare governance has barely begun.



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Thank you

Questions and discussion

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