



## PHS-QUALITY Project

Job Quality and Industrial Relations in the Personal and Household Services Sector - VS/2018/0041



### COUNTRY REPORT: FINLAND

Minna van Gerven, University of Twente/University of Helsinki

*This paper related to the action PHS-QUALITY is made by the beneficiaries and it reflects only the author's view. The Commission is not responsible for any use that may be made of the information it contains.*

## Table of Content

### Table of Contents

Introduction .....	4
PHS sector in a nutshell .....	5
<b>PHS in numbers</b> .....	10
PHS sector and the labour law and the Ratification of the ILO domestic workers convention no 189 .....	15
The Finnish lessons for job quality and formalisation of the PHS sector .....	17
Progress in beating undeclared work and informality through legal regulation.....	18
<i>Deficiencies in supervision of services in social and health care</i> .....	21
Imposed flexibility of the labour market .....	24
<b>Vulnerability of migrant workers</b> .....	25
The domestic migrant workers: Out of sight, out of heart? .....	27
Conclusion.....	30
Recommendations .....	31
Appendix 1 List of Respondents and the research design and method .....	33
Appendix 2 PHS Quality project: interview questions of the project/ Finnish case study .....	35
Bibliography.....	38

## List of Tables

Table 1. The main characteristics of PHS services according to the different types of providers

Table 2. Key numbers of PHS sector workers 2014-2019

Table 3 Trend of categories of PHS workers (cleaning and care) between 2010-2017

Table 4 Gender division of workers in category Cleaners and domestic aid

Table 5 Gender perspective in PHS sector (cleaning and care) in 2019

Table 6 Age division of workers in the cleaning and care categories in 2017

Table 7 PHS sector employment divided in employment and self-employment in 2017

# **The Finnish Personal and Household Services (PHS) sector: shielded at the core, fragile at the margins**

## Introduction

The Finnish Personal and household services (PHS, henkilökohtaiset ja kotitalouspalvelut in Finnish) are fragmented and ubiquitous branch of services that aims at improving the wellbeing of the household. It includes various types of services from elderly and childcare services to hired cleaning and home renovation aid. The health and care services in Finland are traditionally strongly linked to the public social services and have for a long time been the responsibility of the local governments. In the recent decades, the share of the market options for PHS sector has grown, especially with intention to endorse customer choice in this sector. Today the services that are offered within the PHS sector go far beyond the traditional care and cleaning services, and include variety of services such as home renovation, remedial teaching, ICT support etc. In this draft country report, the legal regulation and the policy base of the PHS sector in Finland is described and tentative answer to the PHS Quality project question is provided regarding **how legal regulation, public policy, and social partners' actions can improve job quality and fight informality in the personal and household services sector**. The data analysed for the analysis is qualitative data of expert interviews and desk research of relevant policy and academic literature. The list of respondents is indicated in Appendix 1 with a short explanation of data collection and research design.

The structure of the paper is as follows. Chapters 2 and 3 provide an overview of the PHS sector in Finland. Chapter 4 describes the ratification of the ILO convention in Finland. Chapter 5 focuses on Finnish solutions and further challenges in improving the social rights of workers in PHS sector (social and health care, cleaning and domestic aid), reducing informality and improving the quality of those services. Chapter 6 provides the tentative conclusion of this case study.

## PHS sector in a nutshell

As explained above, the PHS is considerably diverse with respect to types of services, service providers and forms of employee protection, as indicated in Table 1 below.

Table 1. The main characteristics of PHS services according to the different types of providers

Type	Private providers		Third sector	Public providers	
	Private informal	Private formal	Voluntary formal	Outsources formal	Public formal
Formality	Unregistered	Registered	Registered	Registered	Registered
Financial resources	Private funds	Household/private funds/use of tax deduction/service voucher	NGOs/volunteers	Public	Public
Provider	Individual/company undeclared work	Private company/self-employed	NGOs/	Private companies/public private partnerships	Public service provider
CA coverage	Not covered	Covered/not covered	Covered/not covered	Covered/not covered	Covered
Labour law/health and safety	Not covered	Covered if (self)employee status	Covered if (self)employee status	Covered if (self)employee status	Covered
Social security	Not covered	Covered if (self)employee status	Covered if (self)employee status	Covered if (self)employee status	Covered

**The domestic (health) care services** are largely provided by the public providers (by public sector itself or as outsourced to private/semi-public providers) under the auspices of

municipalities or by private formal providers.<sup>1</sup> The strong legal framework for household services<sup>2</sup> can be credited to their close link to the public sector. From the 1950s municipalities employed home helpers (*kotihoitaja*) to provide home care for (and to enlighten) poor families with many children (see Jokinen 2015 for the historical overview of the sector). In the mid-1960s, the home help was formalised to cover also the elderly and the handicapped. After the launch of the comprehensive public childcare system in 1973 (which made the childcare an individual right for the children) the focus of home care shifted to the services and care for the frail disabled and elderly. From the 1990s onwards, curtailing the state intervention and cutbacks in public sector have led to a larger space for other actors in these services. A strong impulse for this was given by a severe economic recession in the early 1990s, which led to reforms that placed considerably more autonomy for the municipalities to allocate resources for the alternative service providers (State subsidy Act 733/1992). In this period, regulations put pressure for municipalities to collaborate more with various municipal sectors and non-public providers and encouraged the (public-private) partnerships to enter to the market of personal services and home care<sup>3</sup>. The shift was facilitated by the launch of state subsidies (in forms of tax deductions, and service vouchers) in the 2000s. These innovations (later discussed more extensively) were introduced with a goal to fight undeclared work and to allow more customer choice in care services.

Regardless of the increased space for other actors in the sector, local governments remain the main actor: formally the (accountable) provider as well as the purchaser of services

---

<sup>1</sup> At the time of the writing this report, an important part of the PHS sector, those related to social and health services, is under considerable reform discussion in Finland. In the context of unprecedented population ageing and the pressures to maintain the financial sustainability of social and health services social, a system overhaul under the social and health care reform (SOTE) is being fiercely discussed. After decades of political discussion of the necessity of the reform, the SOTE reform was one of the key priorities of the Sipilä Government (2015-2019). Regardless of the great political pressure to push forward the reform, the reform plans landed into to a political lock in in the spring 2019, and finally led to a fall of Sipilä cabinet on 8<sup>th</sup> of March 2019. After the new general elections in April 2019, the SOTE reform remains on the top of the agenda for the new Rinne/Marin Governments (Hallitusohjelma, 2019). This report is not able to account for these prospective changes.

<sup>2</sup> The elderly care is a individual right: Elderly Service Act (*vanhuspalvelulaki; lain ikääntyneen väestön toimintakyvyn tukemisesta sekä iäkkäiden sosiaali- ja terveyspalveluista* (980/2012) aims at guaranteeing that the elderly people receive individual care according to their needs on equal terms throughout the country. Home care services are regulated through various laws, including home nursing (*kotisairaanhoido* in the Primary Health Care Act (*kansanterveyslaki*) 66072, household services (*kotipalvelu*) in the Social Welfare Act (*sosiaalihuoltolaki*) 710/82, supporting services for the household services (*kotipalvelun tukipalvelut*) in the Social Welfare decree (*sosiaalihuoltoasetus*) 607/83 and care giver Act (*omaishoidon tuki laki omaishoidon tuet*) 937.2005.

<sup>3</sup> The PHS services are coordinated by a home care manager (*kotihoidon ohjaaja* according to Municipal General collective agreement, 22803) and household service manager (*kotipalveluohjaaja*, 22820)

for elderly care. The public household services (social services collaborating often with medical staff etc) aim at supporting the adequate daily living of the elderly. The municipal service authority evaluates the household support needs and sets up a care plan including services provided and payments required. Municipalities are obliged to allocate adequate resources to PHS, but each of 311 Finnish municipalities may decide how to organise the care.<sup>4</sup> This has led to various practices of municipal service delivery: municipalities can choose to provide services in-house or in collaboration with other municipalities, the services can be outsourced to private providers, clients can choose and buy services by using the service vouchers obtained from the municipality or clients can utilise the tax deduction to buy services of their preferred provider. Some services are provided by the third sector, in particular for the segment of home care provision. Especially in the larger cities, the NGOs can provide small scale assistance, as do the women's organisations, like the Martha Association (*Suomen Martat*) and the 4H (Farm and Household Women's Association) and Finnish red cross (*Suomen Punainen Risti*, SPR). The Lutheran church also provides support, help and advice to elderly citizens through the extensive networks of volunteers. The private informal care providers in elderly care is a growing trend, but it is hard to study due to their invisibility in the formal registries (as will be addressed later in section 5).

**The cleaning sector**, however, is fundamentally different from the care sector. In the past, cleaning services provided by live-in-maids or servants were only afforded by the rich upper (middle) class families. Through the expansion of social services in the contexts of the 'Nordic welfare state tradition' (Esping-Andersen, 1990; Kautto, Heikkilä, Hvinden, Marklund, & Ploug, 1999) some supporting services (for elderly, disabled or otherwise assistance needing person) were made available for citizens and covered by the public sector. The general cleaning services became a gap in the market in the 1990s, in line with the EU policy (Morel, 2015), when the Finnish state started to promote the creation of the domestic service sector. This was done by subsidising the demand for variety of services, including cleaning, provided by the

---

<sup>4</sup> The Ministry of Social Affairs and Health oversees the coordination of personal and household services. The sector is divided to three categories (Jokinen 2015:2): 1) household services targeted to persons with difficulties of coping with everyday tasks – including elderly, families with children, handicapped and ill. 2) the supporting services include care and maintenance, childcare and support services such as meal service, clothing, bathing, domestic help. The social work department of municipalities are responsible for social home service and health centres for home nursing care. Relating to the severity of disability or illness, municipalities can also organise services for housing services, home modifications, equipment etc. 3) home nursing includes medical treatments. Jokinen (2015:2) argues that this classification is awkward and that the household services lack definition in detail: there are for example no specific national recommendations or guidelines (Jokinen 2015: 2).

private sector, either through formal or informal private providers. The government's tax deduction was announced in the early 2000 and it allowed the households to purchase services from registered service providers. The providers -regarding to whether they are employed or self-employed- are covered by collective agreements, employment contract law. Self-employed are formally covered by the same social security system as employees, but in practice they often receive lower social benefits than employed persons. Self-employed (without employees) are represented by the Federation of Finnish Enterprises (*Suomen Yrittäjät*, SY), but some trade unions such as the SAK-affiliated Service Union United (*Palvelualojen Ammattiliitto*, PAM) a union for employees working in the private service sectors) have campaigned for self-employed workers. The Unions view is that self-employed, such as barbers and cleaners often face similar problems as the 'employed' (TU2). Furthermore, third sector organisation such as the women's organisations Suomen Martat (the Martha Association) also provide cleaning services.

The legal basis of the PHS sector consists of various social and health care legislations and tax (deduction) legislation that allows people to purchase services. Whereas the tax system is a reasonably straightforward, other parts of the PHS remain ubiquitous and fragmented (see also Jokinen, 2015: 1). The bureaucratic public system behind the social and health care services constitutes a considerable part of this fragmentation: services are divided between various jurisdictions of administration. However, the fragmentation is also credited to nature of the PHS sector itself: the scope of personal and household services is broad and the PHS include services related to public social and health care services, childcare, cleaning, house renovation, to remedial teaching etc (Morel & Carbonnier, 2015).

Regarding the funding system of the public system, municipal household services in 311 (in 2019) municipalities provide the services. The funding of services comprises of governments grants as well as collected local income tax. As discussed above already, the service delivery practices may vary greatly between municipalities. The PHS can be delivered by municipality's in-house service delivery or by a private actor (market, NGO, third sector volunteers). Jokinen (2015:2) shows that municipal household services cost €794 million in 2011, which was 3.7 % of the total social and health care costs. Of these services, 78 % of the PHS were produced by municipalities themselves and 22 % were purchased. The share of federations of municipalities as producers was 3.5 %, other municipalities 5.3 % and private market 12.9 % (Jokinen, 2015). In addition, municipalities subsidise the households via service vouchers, as does the state do by tax deductions (for this see below). Certain PHS services can also be covered by the public means-tested social assistance managed by the social insurance



institution of Finland (*Kansaneläkelaitos*, KELA) or by the needs-tested assistance by the social services of the municipalities.

## PHS in numbers

Describing the Finnish PHS sector in numbers is challenging. As Jokinen (2015: 5-6) has pointed out in an earlier report for the European Commission on the PHS sector in Finland, for the registration of data, the professional titles of *household service workers* are ambiguous: in a category “household workers”, employees can belong either to public or private sector under the specific municipal arrangements (Jokinen 2015: 5). Furthermore, Jokinen (2015: 5-6) has observed that these workers may fall under different sectors in service delivery: ‘(i) hospital services, (ii) other doctoral services and (iii) other health care services, and into social services: (iv) elderly care, (v) children day care, (vi) other social care.’ (Jokinen 2015: 5-6). The Labour force Survey provides statistics based on various categories of household workers. Below we use this data to describe the sector in Finland.

Table 2. Key numbers of PHS sector workers 2014-2019

Occupation category	Year				
	2014	2015	2016	2018	2019
Cleaners, domestic aid (cat 91 LFS)	64.000	63.000	63.000	61.000	66.000
Care services and health care services (cat 53)	166.000	178.000	177.000	176.000	1777.000

Source: Stat.fi (2020) Labour force Survey: Workers based on occupational category (Ammattiluokitus 2010) and age, 15-74-vuotiaat)

According to the Labour Force Survey data by the Statistics Finland (*Tilastokeskus*), the number of domestic aids and cleaners has remained reasonably stable between 2014 and 2010, and in 2019 there were 66.000 persons working in the occupation category of cleaners, domestic aids

and other cleaning services in 2019 (statisticsFinland, 2020).<sup>5</sup> This is a small sector, approximately 2,4 per cent of the total Finnish labour force (2,5 million in 2019). The category of care and health care services also include works working in personal services, and we compare the data to illustrate the difference between these two sectors where PHS workers most frequently are placed.

A more aggregated data is more helpful to analyse the sector further. The disaggregated labour force data shows that in number of people working in domestic aid and cleaning services has been growing in the last decade. The big differences between consequent years raise however some doubt about the accuracy of the data. The most recent data is from 2017, and it show that 31.725 persons were working in household service (53221 *kotityöpalvelutyöntekijät*) and 1232 persons in domestic aid and cleaning (*kotiapulaiset ja siivoajat* 9111) (StatisticsFinland, 2020).<sup>6</sup>

Table 3 Trend of categories of PHS workers (cleaning and care) between 2010-2017

	2010	2011	2012	2013	2014	2015	2016	2017
Domestic aid and cleaning	79	119	208	185	729	1813	1137	1232
Household services	23.99	21.838	23.041	23.995	25.807	25.499	27.890	31.725

Source: Stat.fi (2020) Labour force Survey: Workers based on occupational category (Ammattiluokitus 2010) and age, 15-74-vuotiaat)

As the data from Statistics Finland (2020) described in Table 4 indicates the PHS sector is highly *gendered*: the majority of the household workers are women. In 2019, the most recent

<sup>5</sup> Stat.fi (2020) Labour force Survey: Työlliset ammatin (Ammattiluokitus 2010) ja sukupuolen mukaan, 15-74-vuotiaat) (category 91) Retrieved 3 March 2020

<sup>6</sup> Stat.fi (2019) Labour force Survey: Työlliset muuttujina Ammattiasema, Vuosi, Tiedot, Ammattiryhmä ja Sukupuoli. Retrieved 6 feb 2019: [http://pxnet2.stat.fi/PXWeb/pxweb/fi/StatFin/StatFin\\_\\_vrm\\_\\_tyokay/statfin\\_tyokay\\_pxt\\_015.px/table/tableViewLayout2/?rxid=01623773-b5e3-4ab5-8d32-aeb10f3d882a](http://pxnet2.stat.fi/PXWeb/pxweb/fi/StatFin/StatFin__vrm__tyokay/statfin_tyokay_pxt_015.px/table/tableViewLayout2/?rxid=01623773-b5e3-4ab5-8d32-aeb10f3d882a)

data for category of cleaners and domestic aid, 56.000 workers were female, 9.000 were male. This makes that 14 per of workers were male and 86 per were female. The Table 4, illustrates that the gender aspect has remained reasonably similar between 2015 and 2019.

Table 4 Gender division of workers in Cleaners, domestic aid (cat. 91/LFS)

	year				
	2015	2016	2017	2018	2019
Female	55.000	55.000	54.000	50.000	56.000
Male	8.000	8.000	9.000	10.000	9.000
Total	64.000	63.000	63.000	61.000	66.000

Source: Stat.fi (2020) Labour force Survey: Workers based on occupational category (Ammattiluokitus 2010) and gender

When looking at the numbers for the domestic aid and cleaning, in comparison to another category that directly related to the PHS sector, namely housekeeper (5322 kodinhoitajat) and household service workers (53221 kotityöpalvelutyöntekijät). This people in this group are included in the category of social services and health care services, and work thus PHS sector, that operates in the care. Yet, here again the picture is very gendered. In 2019, a vast majority of workers were women, 90 per cent to be precise in the category of housekeepers (kodinhoitajat 5322) in the care services.

Table 5 Gender perspective in PHS sector (cleaning and care) in 2019

	Work force		
	total	Male	Female
Domestic aid and cleaner	1232	108	1124
Housekeepers (5322)	31752	3018	28734
Household services (53221)	24120	1780	22340

Source: Stat.fi (2020) Labour force Survey: Workers based on occupational category (Ammattiluokitus 2010) and age, 15-74-vuotiaat)

Another interesting perspective to labour force in the PHS sector is to see the age division. In the cleaning (domestic aid and cleaners) the age category with the highest number in the workers aged 25-34, and the lowest is 65-74. As Table 6 indicates, the numbers are not very different for different age groups but for care professions, the age balance tend to rise towards older workers. For both categories under inspection most workers, the majority of workers above the age of 45.

Table 6 Age division of workers in the cleaning and care categories in 2017

	18-24	25-34	25-44	45-54	55-64	65-74
Domestic aid and cleaners	205	307	260	241	203	16
housekeepers (care)	3865	6181	6011	7702	7377	616
Household workers (care)	2788	4607	4512	5944	5852	417

Source: Stat.fi (2020) Labour force Survey: Workers based on occupational category (Ammattiluokitus 2010) and age, 15-74-vuotiaat)

In 2017, 989 companies were registered to provide household services for the elderly and disabled and 194 companies that provide household services for other groups that these (StatisticsFinland, 2019). The number of companies have remained reasonably stable between 2013 and 2018.<sup>7</sup> Yet, Jokinen (2015: 7-8) has found earlier that the turnover rate of starting and closing companies is relatively higher in household services than generally in social services: between 2010 and 2012, there were 32 % of new enterprises and 33 % those that closed their

<sup>7</sup>Stat.fi (2019) Retrieved 6 feb 2019  
[Http://pxnet2.stat.fi/PXWeb/pxweb/fi/StatFin/StatFin\\_\\_yri\\_\\_yrti\\_\\_oik/statfin\\_yrti\\_pxt\\_002.px/table/tableViewLayout2/?rxid=aa8da2c2-16ee-4743-95b3-a5d86f235bb0](http://pxnet2.stat.fi/PXWeb/pxweb/fi/StatFin/StatFin__yri__yrti__oik/statfin_yrti_pxt_002.px/table/tableViewLayout2/?rxid=aa8da2c2-16ee-4743-95b3-a5d86f235bb0)

services (Jokinen 2015: 7-8). The municipalities' social work/health departments are the largest employers covering roughly 80 % of the total employment in the sector (Jokinen 2015: 6). Furthermore, the share of private entrepreneurs is low (only 5 %) and private sector household service employees are estimated to comprise of 15 % of the total employment. Jokinen (2015: 6) has observed that there is often a formal distinction between operators concerning the tasks they provide: whereas municipalities' home services commonly cover medical operations, rehabilitation to health-related daily living aid, the private sector often provides the non-care activities (Jokinen 2015: 6).

Table 7 PHS sector employment divided in employment and self-employment in 2017

2017	Total	employee	1223 (total)		Self- employed		
		Female	Male	Total	Female	Male	Total
Domestic aid	1232	1223	106	1223	7	2	9
Housekeepers	31752	27765	2869	30634	969	149	1118
Household services	24120	21471	1675	23146	974	105	947

Source: Stat.fi (2020) Labour force Survey: Workers based on occupational category (Ammattiluokitus 2010) and age, 15-74-vuotiaat)

## PHS sector and the labour law and the Ratification of the ILO domestic workers convention no 189

In last decades, ambitious steps have been taken in Finland to remove exceptions and promoting the principles of equality and equal treatment in the legal regulation and labour law. The ratification of ILO convention was one of these measures. It brought various groups under the same legislation and equalised the rights. In the previous situation, the *Act on the employment of Houseworkers (951/1977)* had regulated the protection of household workers. The law covered workers who work in and for a household or households. Household workers were also covered by *Employment Contracts Act (55/2001)*; the regular act that applies to employment contracts entered into by an employee, or jointly by several employees as a team, agreeing personally to perform work for an employer under the employer's direction and supervision in return for pay or some other remuneration.

Prior to the ratification of the ILO's Domestic Workers Convention, 2011 (No. 189) and Recommendation (No. 201), the Finnish level of protection of domestic workers was not in line with the convention. The Act on employment of Houseworkers (951/1977) did not cover all domestic workers and excluded for example those who worked short time (shorter than one month or only one day a week or worked less than three hours a day or those who care for the sick or members of the employer's family who live permanently in the employer's household.

The process of the ratification was reasonably quick and included a tripartite working group and ILO committee (HE 93/2014 VP). The Convention and its Supplementary Recommendation of Convention 189 was adopted 17 December 2012 by letter from the Ministry of Employment and the Economy to the Parliament as required by the ILO Statute. Following the EU Council adopted Decision (2014/51 / EU) authorizing the Member States to ratify the European Union in the interests of the decent work of domestic workers, Parliament was consulted in 2013 by a government letter (U 17/2013 VP) on the Commission proposal for a Council decision (ratification ILO Agreement on Household Workers).

In the ratification process (as described in HE 93/2014 VP), initial statements were requested from the tripartite bodies: from the government (Ministry of Social Affairs and Health, Ministry of the Interior), trade unions (SAK, STTK, AKAVA), employers organisations and business (Finnish Entrepreneurs (*Suomen Yrittäjät*), Confederation of Finnish Industries (*Elinkeinoelämän keskusliitto*, EK), State employers (*Kunnallinen työmarkkinalaitos*), municipal employers (*Valtion työmarkkinalaitos*). The government's proposal was also discussed both in the board of Ministry of Economic Affairs and in the Finnish ILO Advisory

Board. As regards to required changes in the existing labour law, the proposal was discussed in a tripartite working group chaired by the Ministry of Employment: including the Ministry of Social Affairs and Health, Confederation of Finnish Industries EK, Finnish Federation of Trade Unions SAK Association, STTK Association, AKAVA Association, State employers, Municipal employers, Church Labour Market Association and Finnish Entrepreneurs (*Suomen Yrittäjät*). All respondents interviewed for the present study viewed the ratification process easy and been conducted in good collaboration. The trade unions would have liked to have more formal agreements about the supervision (TU1). On 8 January 2015, the Government of Finland deposited with the ILO the instrument of ratification of the Domestic Workers Convention, 2011 (No. 189) and made Finland the 17th ILO Member State and the fifth European country to ratify this specific instrument.

To ratify the Convention, Finnish government made several amendments to national legislation. The Act on Household workers (156/1977) was repealed and all household workers became covered by the general labour law. In this way, domestic workers were accorded equal status with other workers including working time and annual leave. The repeal of the law meant that protection of working time law would be extended to, except for the members of the family of the employer, to all household workers. The change also made it possible to do night work in nursing at households. The Working Time Act – now covering all domestic workers – set the regular working time to 8 hours a day to all new employment contracts for domestic workers. Under the old law for domestic workers, the regular working time had been longer (9 hours a day). The working time was equalized to all workers alike.



### The Finnish lessons for job quality and formalisation of the PHS sector

Given that the PHS sector has been strongly tied to public sector, and therefore heavily regulated, the informality of the PHS sector has for a long time not been constituted as a problem in Finland. The ratification of the ILO convention was a swift process including text book tri-partite collaboration that led to “*a symbolic recognition of equality of rights*” and brought the small group of PHS worker (previous under a separate regulation) under same protection that other workers in the service sector (IO, MIN). The PHS sector in Finland is also seen unproblematic given its reasonably small size (as described in Chapter 3) (MIN). Majority of health and care services remains to be provided by the public sector services and often within established public/private institutions (elderly care, childcare, health care). The main services in the PHS sector are considered to include the cleaning services and home renovation (RI, MIN). The sector is, however, changing as explained earlier. Up to the 1970s the PHS sector had an important role in providing care, help, and enlightenment in the households in need. The sector provided ample employment opportunities for women from rural areas and thereby eased their transition to wage work and integration to urban cities. From 1970s onwards the PHS sector has shrinking. In context of tightening public budgets and search of new holy grail (public private partnerships) in 1990s, our respondents talked much about the fragmentation and deregulation of the PHS sector, where many of public services were now transferred from the municipalities to markets. The new demand-led markets provide an ever-increasing pool of new services, but without knowing exactly, what (kind of services) has been created and how well they were able to fill the needs (RI, ACA1). Much of the developments in the PHS sector has happened indeed in the market-led demand side (cf. Morel 2015). Policy innovations such as service voucher and tax deductions have become important government strategy to widen the market for private providers in the PHS sector and provide more freedom of choice for the citizens in the privacy of the household.<sup>8</sup> Yet, at the same time the growing demand for PHS have altered the working environment of PHS workers: more workers with migration background and less educated people are currently entering the sector (see also Näre, 2016). For migrants, like for the women moving to the cities in the 1970s, PHS sector provides a chance for the first job and economic integration. The expectation for the future is that, due to

---

<sup>8</sup> The respondents suggest that these innovations (such the tax deduction) has led to public debate about inequality between household in use of the tax deduction. Most users of the system are high educated and older (Aalto, 2015; Karjalainen, Hiilamo, & Raivio, 2003; Näre, 2016)

ageing society and governments determination of ageing in place, demands carers and domestic help is growing. Paradoxically, however, the intensification of work in the ageing society requires professionalisation of the sector that does not always go hand in hand with the entry of labour market entrants.

The respondents generally portrayed the transformation of the PHS sector in 21<sup>st</sup> century to be led by private providers trying to fill in the gaps that public sector withdrawal leaves behind. Much of the PHS are provided by the market economy. Private providers (construction, renovation, cleaning, gardening, ICT support) who can be hired directly by households by using the subsidies through the tax deduction system. Increasingly market actors are employed by municipality– i.e. via outsourcing agreements, via part-time entrepreneurship or via employment relationship in a private company or non-profit organization (NGO) through the Service vouchers. The answers to the question to what extent the transformation of PHS described above has gone together with increase precariousness of employment and informality are to some extent conflicting. The analysis of the literature and interview material below shows that the Finnish experiences give rise to both positive and negative lessons of fighting informality in the PHS sector, as will be discussed next.

#### Progress in beating undeclared work and informality through legal regulation

The Finns have been successful in their fight against grey economy, undeclared work and thereby been able to fight informality in the PHS. In 1996, the programme on undeclared work was ratified by the government. The main objective of the programme was to establish an effective cooperation and exchange of information between various public authorities as well as between the public authorities and private sector (especially with businesses and trade unions) when detecting, combating and investigating financial crimes or undeclared work. In 2011, the Grey Economy Information Unit (*Harmaan talouden selvitysyksikkö*) was founded in the tax administration section of the Ministry of Finance which, at the request of other organisations, investigates specific organisations and persons suspected of engaging in undeclared work (Eurofound, 2012). In 2011, this Unit conducted in total 732 tax audits which resulted in recovery of €42 million of undeclared wages and €65 million in undeclared sales (Eurofound 2012: 17).

The household deduction model was one of the long-term initiatives originating from this programme. The **Tax (deduction) scheme for domestic help** (*kotitalousvähennys*) introduced in 2001 made possible for individuals to deduct a proportion of the costs of domestic

services through their income tax (see also EPSI 2013; Jokinen 2015). It can be used to purchase a wide range of services such as cleaning, gardening, home renovation, eldercare or even child home care (which for long time is seen to be covered by the public services). At the time of the writing, the amount of deduction can be up to 50% of the expenses from their income tax.<sup>9</sup> Furthermore, 20% of the wage paid, including social contributions, can be deducted if the client directly employs a worker. The annual ceiling of the tax scheme in 2018 was €2400 per person. The provider must be registered in order to be compensated through the scheme. The tax deduction scheme was the Government's demand-side incentive to discourage undeclared work and encourage formal employment in the household service sector. It also aimed to - and been viewed successful- in raising public awareness of the negative aspects of the grey economy (MIN). The popularity of this tax deduction has grown throughout the years. Whereas in 2006, 243,00 persons made use of the deduction, the number of users has grown to 406,500 in 2016 (MIN). The total amount of the tax deduction amounted to 393 million in 2016 (MIN). The figures further show that, from all tax deductions, 80 per cent was used to home renovations, 17 per cent to cleaning and only 3 per cent in care (RI). According to the Finnish Tax Administration and scholars (Aalto, 2015; Hiilamo, 2015; Näre, 2016), the tax reduction on household services is predominantly claimed by the highest-income households. This inherent inequality of the system is the reason that the new Rinne/Marin governments are seeking to modify the system to bring the low and mid income earners under the scope of the tax deduction system (Hallitusohjelma, 2019).

Another innovation in the Finnish context to fight informality and to expand customer choice is the **service voucher system**. Service vouchers were first introduced in 2004 and since the Service voucher Act in 2009 (*Laki sosiaali- ja terveydenhuollon palvelusetelistä, 569/2009*) they are formalised to purchase health and social care services. When the system was designed, it was found important that service vouchers were made voluntary for the municipalities, without any push to utilise the specific instrument (MUN1). Also the choice of services where it would be used to was intentionally left for the municipalities to decide. (MUN1) As explained above, municipalities are responsible for the organization of these services and they may do so in the way they prefer. One way is to provide eligible citizens vouchers. Behind the service voucher system a variety of objectives prevail: the system aims at increasing users' freedom

---

<sup>9</sup> The new government introduced its plans in 2019 to cut the tax deduction scheme. The amount of deduction is lowered to 40% (-10% in 2018) of the expenses from the users' income tax. Furthermore, 15% (-5% to 2018) of the wage paid, can be deducted to directly employing a worker. The annual ceiling of the tax scheme in 2018 was €2250 (-€150 in 2018) per person.

and choice, improving quality of services, supporting ageing in place (allow people remaining home longer) and encouraging private companies to enter home care market (EFSI, 2013). The service voucher also offers an alternative for the municipality to stay away from competitive contracting (MUN1). The voucher can be used to buy services in domestic help, home-health care services and a wide range of health services from registered providers.<sup>10</sup> Generally the service voucher is a small part of the service production as a whole. Based on the survey by the Association of the Finnish municipalities (Kuntaliitto, 2015), 40 % of the municipalities were using service in 2015 and provided in total 438 different service vouchers.<sup>11</sup> The majority of the vouchers were used to purchase social services (69% in 2015). The same survey conducted in 2018 (Kuntaliitto, 2018), also reveal that 37% of the social service vouchers are used to services directly related to households.<sup>12</sup> In the PHS the volume of service voucher services is reasonably modest, and the most commonly this instrument is used in assisted housing services and specialized medical care (MUN1). The voucher system aims at increasing competition in the service sector, as the providers vary in the amount of the requested co-payments, but formally the municipalities often define a flat-rate for a voucher and identifies the requested services.

Several respondents of the PHS quality project suggest that the Government's measures taken have been successful in fighting undeclared work and providing new demand-led services. Most progress is seen in the area of Household renovation work where much grey work has become obsolete through the tax deduction scheme (MIN). Also, much cleaning work at homes has become white work with the help of the tax deduction scheme (MIN). Same goes for service vouchers (RI, AC1, MUN1). In words of one our respondents (RI): *for employees this is a great deal, they accrue pension income, have rights for annual vacations and are covered in the social security... Yet, they still belong to the vulnerable group of workers as they are working in low paid area.* Some respondents were more critical by saying that schemes like tax deduction created demand for *dirty jobs* (low paid jobs) (ACA2).

The use of service voucher – although still a minor market -is seen to have decreased the precariousness of service employment and provided an alternative for the municipalities in

---

<sup>10</sup> The value of the voucher is determined by a formula that accounts the household size and income so that the service users pays the difference between the value of the voucher and the full price of service (EFSI 2013: 17)

<sup>11</sup> <https://www.kuntaliitto.fi/tiedotteet/2015/sosiaali-ja-terveydenhuollon-seka-paivahoidon-palvelusetelien-kaytto-kasvanut>

<sup>12</sup> <https://www.kuntaliitto.fi/tiedotteet/2018/kuntaliiton-kysely-suurin-osa-suomen-kunnista-tarjoaa-kuntalaisille>

social care services. From the perspective of the municipalities the service vouchers can be a valuable addition (MUN1, MUN2). In the best cases, such as in Oulu region, *when the service voucher is deployed strategically, sufficiently marketed, and genuine partnerships is made with the market, the experiences have been positive and service vouchers are seen as a good addition supporting the purchase of services alongside municipality's own services (MUN2)*. Yet, there are also examples, where *service voucher are introduced to problematic markets (where it is difficult to find services), or if the municipality tries to 'just to stay away from competitive contracting' where the launch of system has not been so successful (MUN2)*.

The Finnish debate on PHS innovation has been very practical and unlike in Sweden, where the moralist discussion of “return to domestic aid society” (*piikayhteiskunta*) and gender aspects of the domestic work (Sohl, 2019) have been prominent, this has been much less in Finland. Yet at the same time, introduction of the market-led solutions, rather than supply-led services, especially in the sector that where the work is done at the privacy of the households, indicates a tendency towards deregulation and privatisation (see also Näre, 2016). The Finnish innovations provide more choice for the users but for the providers these solutions may still mean potentially higher informality, precariousness and vulnerability at the PHS sector. Below we extend these arguments while discussing such elements of vulnerability still being part of the Finnish PHS sector.

### *Deficiencies in supervision of services in social and health care*

Despite the strong protection the workers at PHS sector (at least at the formal employment) by the labour law and the equal treatment principles of workers, the deficiencies in the enforcement of these rights is a major obstacle for the PHS sector. The insufficient supervision and monitoring of working conditions and workers right in the PHS sector is a notorious problem and recently received considerable attention in the Finnish media, especially in the health and social care sector. Several large (international) companies, that entered to the Finnish care market alongside the increased privatisation and marketisation policy of the elderly care sector in the last decades, have been caught to have endangered the quality of care due to minimising costs of the personnel (e.g. Yle 18.2.2019; Yle 24.4.2019)<sup>13</sup>. As the elderly care is traditionally been covered by the institutions (Kröger, Aerschot, & Puthenparambil, 2018), the home care is still relatively small sector. Yet, given the strong promotion of home care and ageing in place in the government policy for elderly care, the sector is expected to be growing rapidly

---

<sup>13</sup><https://yle.fi/uutiset/3-10651341>; <https://yle.fi/uutiset/3-10753804>

(Hallitusohjelma, 2019) as well as the respondents in this study. At the same time, there are few measures taken to support the workers or carers at the PHS sector or monitoring their working conditions. The problems in the home care sector are only raising to the debate (e.g. Yle 6.5.2019, YLE 19.2.2020)<sup>14</sup>

Formally the PHS services in the area of home nursing and home care are well organised. As discussed earlier, the service providers (utilising i.e. service vouchers) are registered in each municipality where they work and are formally supervised by National Supervisory Authority for Welfare and Health (Valvira) and Regional State Administrative Agencies (AVIs) in terms of work quality and protection of workers. Valvira is a centralised body operating under the Ministry of Social Affairs and Health. Valvira has the national supervising authority on health care and social care, alcohol administration and environmental health and it cooperates with six regional administrative agencies responsible for supervising these domains in their own region. The municipalities are obligated to monitor the quality of the services and providers. Yet, majority of respondents raise the problem of too few resources of these authorities to supervise the rights of the workers in PHS sector.

*AVI must monitor, but they lack resources. We have a clause monitoring of equal treatment (yhdenvertaisuusvalvonta), but there are just too few resources (IO). Trade unions are even more critical by urging for more monitoring and enforcement of the legislation labour inspection: labour inspection is a shot in the dark, and they even inform the subject of inspection in advance (...) their focus is only in the traditional sectors (like construction, not to services in homes) (TU). Indeed, inspections are often carried out after tip-offs and are targeted to economic sectors with potential amount of problems, such as undeclared work or high number of foreign workers. The inspectors' view is not much different from their critics. The services provided at home fall largely outside of the work done by Valvira and AVI's. Public monitoring is targeted to supervision of social services and health care services [in private and public care facilities]. Some monitoring may occur through consumer protection, but if something criminal occurs at home, the police, criminal justice will step in (SUP). Similar argument was made in interviews conducted for a study commissioned by European Union Agency for Fundamental Human rights (Sams & Sorjanen, 2014). In the interviews among the supervisory bodies, Sams and Sorjanen found that the respondents underlined the difficulties for making inspections, even in cases of severe work exploitation. "The inspectors cannot go into anyone's home to inspect, and they generally invite the employer to come to their office.*

---

<sup>14</sup> <https://yle.fi/uutiset/3-10769927>, <https://yle.fi/uutiset/3-11214599>

*Even in this case, the inspection focuses in inspecting the documents and they do not meet the worker”*(Sams & Sorjanen, 2014: 14). The lack of resources is adamant: the supervision team of Valvira for the social care includes 9 persons for the whole country. For each 6 AVIs (in the country), they have additional 2-3 inspectors. The resources are inadequate and main attention focuses on services in care facilities, which in most cases leaves no room for controlling services at home (YLE 24.4.2019).<sup>15</sup> What complicates the monitoring is the service chain used in subcontracting in the sector. Although the service voucher providers can be monitored, but if they subcontract the services to another providers, what often happens in the sector, the activity outside the primary chain falls under no inspection (see also Ollus, 2016). As our respondent says *the problem is the subcontracting chain. A trusted company buys a service from another company that employs an indefinable worker to do the actual work. This worker can be exploited without the contracting company having any ideas of what is going on (OM, also TU2)*. In Finland, the legislation on contractors’ liability<sup>16</sup> (tilaajavastuu) does not include the chain liability (ketjuvastuu like in other countries such as as i.e. the Netherlands) (OM, TU, TU2).<sup>17</sup>

The lack of resources means that Valvira and Avi’s oversee the quality of services (from client’s perspective), and employers’ responsibilities but to a lesser extent workers’ protection. The mandate of the Occupational Safety and Health authorities (based in AVI’s) founded in the Act on Occupational Safety and Health Enforcement and Cooperation on Occupational Safety and Health at Workplaces (*Laki työsuojelun valvonnasta ja työpaikan työsuojeluyhteistoiminnasta 44/2006*) but the monitoring activities are directed at the operation of employers. During the inspections, inspectors have a role in identifying problems and evaluating the working conditions at the workplace. The authorities will cooperate with police and prosecutors if needed. At the time of writing, Finland has been shocked by ta number of gross negligence cases in private elderly care facilities. This has evoked much discussion of the decades-long (neoliberal) politics in elderly care leading to under-resources in staffing and inadequate resources of the inspection authorities. Although some political decisions to raise the resources for the inspection authorities have come out of this crisis, the question whether

---

<sup>15</sup> <https://yle.fi/uutiset/3-10734160>

<sup>16</sup> The Act on the Contractor’s Obligations and Liability when Work is Contracted Out (22.12.2006/1233, amended in 2015) obligates a client to check that their contracting partners fulfil their legal obligations as contracting party and employer.

<sup>17</sup> There are some good practices in Finland, where companies have decided not to use subcontractors in the night cleaning due to the risks that this would mean that company has no knowledge of the workers (see e.g. Lietonen & Ollus, 2018)

the problems in social care and health care services (especially delivered at home) will be addressed. The fundamental problem is that the work of the PHS sector happens at home environment, in the private sphere, and the authorities are often unable invade this as easy as they can in public spheres. ACA2: *home is a protected sphere. Authorities cannot just stroll in to inspect. This is much easier in public places, in a company's terrain. Private areas are protected by the civil law.*

### Imposed flexibility of the labour market

PHS sector is considered as a vulnerable sector: the workers are low paid, often have to work very long hours, and are in greater exploitation than workers in public places (ACA02) This vulnerability is seen to have increased by the political decisions taken by the past governments (IO, ACA1, ACA2, OM, TU). The centre-right Sipilä government (2015-2019) and its predecessors (Stubb mixed coalition cabinet (2014-2015) and Katainen mixed coalition cabinet (2011-2014)) are seen to have been less favourable for tripartite governance than their predecessors. Also the political course of the last decade is suggested by many of our respondents (i.e. ACA1, ACA2, OM, TU1) to been embracing more liberalistic policies, deregulation and marketisation rather than building an inclusive welfare state (see also Jokinen, 2017). The deregulated, flexible labour market is seen for some of our respondents as a synonym for the growth of low paid job segment, and this is where most PHS sector jobs are. In words of our respondent, the sectors like in the cleaning sector, *are subjected to forced flexibility. If you want work, you have to be flexible and accept conditions that are unacceptable for others. This is part of broader structural change in the labour market (OM)* Furthermore, another respondent saw that *the growth of cleaning firms is caused by the political decision to increase the portion of dirty jobs [low paid jobs] with taxpayers' money [tax deduction]. This feeds into massive growth of new labour market (opportunities) (aca2)*. Also, the supervisors see problems with respect to the flexibilization. *Due to lack in financial resources in the municipalities, the workers are overburdened. Many municipalities try to fix the staff problems by hiring from recruitment offices and staffing service companies whose employees may lack skills in home care, as well as in medical care (SUP)*. Also, the respondent in the inspection authority see that *the education level of the staff is decreasing. Job agencies direct people to sectors where there is a need for employees, and do not always pay attention to the personal suitability for the sector (SUP)*. This endangers the quality of care for the clients but also weakens the sector as a whole and organisations in this.



## Vulnerability of migrant workers

Although the deregulation of labour markets is seen to drive precariousness within the whole sector, it is, however, the migrants from third countries that are in the most vulnerable position at the PHS sector in Finland. In the aftermath of the Syrian refugee crisis, the number of refugees has unprecedented in Finland. *Currently there are thousands of persons with negative asylum decision, who often enter the PHS sector (ACA2)*. The sector is attractive for also other migrants outside the EU, given that there is no availability deliberation (*saatavuusharkinta*) for the cleaning work: a legal obligation for businesses searching for workers to first assess whether local applicants are available before they can hire people from outside Europe. It is thus reasonably easy for migrants outside of the EU to get a work-related permit to stay if they work in the PHS sector. As our respondent said, *people start to work in cleaning sector, even if they are highly educated, since they can obtain the permit to stay in this way (ACA02)*. What also makes the sector, *a wild sector*, is that there is no supervision of the recruitment businesses: *everybody can open a recruitment business tomorrow (ACA02)*. There is an association for recruitment businesses that lists about 400 businesses, some are ‘Finnish’ companies, but there are many businesses that are either foreign-owned businesses or are owned by migrants, for example the migrants from the Philippines. *Many of the businesses have flawless record, but there are always some companies that are wild (TU)*. Also, *‘being a large company does not mean that working-related conditions are organised well for all workers’ (TU2)*. In the latter example, the platforms providing cleaning services are mentioned as problematic. Web-based companies (such as FRESKA and MOPPI.com in Finland) provide cleaning services and the platforms bring together the cleaners and clients. Migrant workers are targeted to take up the employment: the websites for example market their services in Finnish, but seek their employees in English. The cleaning sector has been using the foreign labour already for decades, for instance for cleaning jobs in trains and passenger ships, but the cleaners were often employed under the labour law, although in a low-paid sector with less attractive labour conditions (such as with a zero-hours contract where the employer is not obliged to provide any minimum working hours). In the last years the trend in cleaning business has been to recruit foreign labour force and ‘employ’ them as independent contractors working for platforms. Although the platform or gig economy is still a rather marginal phenomenon in Finland (according to the Labour Force Survey (2017) by Statistics Finland, only 14,000 Finns (aged 15–74), equalling to 0.3 percent of the Finnish population, had acquired at least a quarter of

their earnings through various digital platforms in 2017). This market is expected grow in the coming years and in fact, according to one of our respondents in service sector employment *'already covers a number of workers that employs a middle sized trade union'* (TU2). The practices of platform economy are seen precarious, especially from the perspective of the trade unions: *{platform company in Finland) uses self-employed, according to Finnish labour law, if you are an employee, things have been arranged well. If you are not an employee [but as an independent contractor as these cleaners are], you are not eligible for paid vacation, unemployment insurance benefits, health insurance, health or disability benefits, sick leave, retirement benefit of any kind or any other benefits. The [platform company name] talks about 'our cleaners'. But in practice: if your cleaner slips, he or she has no right to occupational rehabilitation, benefits of injury, assistance in returning to work. I wish the consumers would understand this... (TU2). The respondents point to the problems that foreign workers, often unable to read and speak Finnish, or even English, have in coping with paperwork that is necessary to secure social protection as a self-employed. TU2 continues: they are bogus-self-employed, not really self-employed. Platform economy has brought this phenomenon back, 15 years ago we had hairdressers, interpreters and journalist who got forced to become self-employed, The platforms have brought this back, with a heavy force.*

However, the vulnerability of foreign workers goes further, into becoming an existential battle in the destination country. What makes migrant workers from the third countries extremely vulnerable is the mismatch between Finnish employment regulation, migration regulation and the labour market demands. Our respondents (ACA2, OM) give various reasons how *employment regulations for the migrants do not match with the flexible labour markets*. Under the Finnish migration law, in order to be eligible for work permit, a person must be in a work full time working contract. Yet, many of the jobs in the sector provide only part-time or even zero-hour contracts. Another logic in the business is that employer only guarantees minimum number hours (excluding any overtime pay) or the employer only pays for the working hours, but not for the time to travel between clients which makes the received pay lower than the factual working day (and the pay lower than the threshold necessary to unify one's family members). Furthermore, to work full time as the work permit expects (8 hours work at homes), the worker often has to make far longer working days to include the non-paid/unregistered travel time. Additionally, workers are highly depended on maintaining the full-time work week, which is difficult in the sector where clients come and go and it's hard to maintain a steady number of addresses. Finally, at the very heart of the vulnerability among the migrant workers – is the complexity related to the family reunification policies. Many workers

with families from the 3<sup>rd</sup> countries need to have 2-3 jobs (day and night jobs) to be able to make the medium income (€3500) required by the family reunification policy. As our respondent (ACA2) summarised: *the migrants from the 3<sup>rd</sup> countries: outside of the EU. They have no negotiation space. Getting a permit to stay is difficult but sometimes keeping it, is even more hard. This all fuels to further vulnerability.*

### The domestic migrant workers: Out of sight, out of heart?

The risks of informality, or in its most extreme form, exploitation, is highest for the migrant workers living in the homes of their clients (as domestic aids). The residence and work permits bind them to their employer, and therefore the risks of exploitation are higher than workers outside households. However, most of the cases in labour exploitation in Finland (which have come out in the light) are not in PHS services. The study ordered by European Union Agency for Fundamental Human Rights (FRA) looked at the Finnish cases of severe labour exploitation that have led to criminal investigation in the last three years: 10 cases, 9 of these in the restaurant branch (IO; see also Sams & Sorjanen, 2014). Majority of the cases are in ethnic restaurant businesses (Jokinen & Ollus, 2014). Respondents tell that it is extremely rare to find cases that take place in the households, rather the cases in restaurants and cleaning sector are more common: the work happens in public places where sooner or later, exploitation can be seen (Jokinen & Ollus, 2014; Jokinen, Ollus, & Viuhko, 2011). Some of the work exploitation cases that have become public knowledge are the cases of berry pickers and recently the work exploitation cases in nail salons. The case of a group of 26 berry pickers is rather well known from the Finnish media. In 2016, an entrepreneur had brought a group of Thai berry pickers to Finland and forced them to work in poor conditions and he was charged with human trafficking of 26 berry-pickers (YLE 19.1.218). The respondent noted how vulnerable are the individuals working in households: *It's easier to mobilise as a group, but PHS workers are alone in homes, and cannot, dare not or do not know how to ask help. They do not have the papers, or they are grateful to be employed in the first place* (IO). Indeed, absence of the cases in the PHS sector does not mean that there are none. A few cases are known (IO, OM, ACA2). One is the case of Peruvian domestic aid in the Japanese embassy, that was clearly a crude case of exploitation, but which -due to the fact that the ambassador had diplomatic immunity- did not lead to any actions (except that the domestic aid got the permit to stay in Finland). Another recent case was the labour exploitation of a Vietnamese woman in a nail salon and its owner's private household

in 2012.<sup>18</sup> This was the first conviction in Finland about work-related human trafficking since the human trafficking was criminalised by the law (Rikoslaki 25 3 §, 3(a) §, 650/2004). Work-related exploitation is reported to be growing, especially in the larger cities, but convictions remain rare (Helsingin Uutiset 26.7.2014)

The vulnerability in the PHS sector is thus most clearly seen in the reality of migrant workers. They work under the radar, are poorly paid, unsecure of the future and in many cases, much depended on their employer. They are out of sight, as a some of our respondents see it *politics is not interested in investing time and money to change this. The numbers are too small still, there is almost no facts (numbers, evidence) of the sector and these type of workers (migrants, low educated) have no/low voices to be heard (IO). The public opinion often thinks that migrant workers should be paid less anyways (ACA2). And that migrants should be happy to be safe in Finland working in low paid jobs, rather than be dead at the country of their origin (IO).* They are also invisible for the inspectors as they work in the homes. They are also invisible for the trade unions. In practice, the collective actions are targeted to the members (Sams & Sorjanen, 2014: 15). Most domestic migrant workers are not members of trade unions. In the words of our respondent from a NGO closely monitoring the situation and human rights of migrants *'Finland has always been run by tri-partite (system): they have an enormous power and they represent their members. Having no membership card means that there is no room for new labour market problems and to people not traditionally included to membership. These people are left to NGOs and human rights focused associations with a message, please take these people and plead for their case. There is a casting defect in the system for migrant workers (IO).* The problem is, however, not only the exclusiveness of the institutions. The Collective Agreements Act (Työehtosopimuslaki 436/1946) obliges the trade unions and employers' organisations to supervise the adherence of the collective agreements and the trade unions have the right to take industrial action against the companies that do not comply with the collective agreements. The businesses in domestic work are generally private households, and individuals. No collective action can be taken up here. The trade unions also report *considerable problems of finding these people (TU, TU1, TU2, TU3).* The biggest trade union confederation SAK has set up a telephone line to help migrant workers, with and without papers. But the *telephone lines stay quiet (TU1).* Same is the case for other authorities, the labour inspection has a specific

---

<sup>18</sup> Itä-Suomen hovioikeus, 10.11.2017, R 17/74, Human trafficking. The victim worked during the daytime in the nail salon owned by her distant family member. She was brought from Vietnam by this family member, made to work during the daytime in the nail salon, without pay, and work as a domestic aid in the household of the owner in the evening and night-time.

department for monitor the foreign workers. but the resources are limited, there are only 17 inspectors for the whole country, and similar to inspection authorities, they almost never come to homes. The police and criminal justice face similar challenges. The shadow statistics show that only 50% of the crimes to migrant workers will be reported to the police or justice departments (OM). An NGO (WOM) active in the field of migrant women rights declares the same “we get 10-20 cases per year with suspicion of human trafficking, but this is just the top of iceberg”[in many cases] ‘the victim does not personally identify him- or herself as a victim of human trafficking, but almost always we learn about the case because of other reasons, such as physical abuse (WOM, see also Helsingin Uutiset 26.7.2014)<sup>19</sup> Most of the problems stay thus hidden. This all makes the migrant workers weak and vulnerable. Even in a country with self-declared success in fighting the grey economy and where milder forms of exploitation (extortionate work discrimination) and exploitation (as under pay) has been criminalised.

---

<sup>19</sup> <https://www.helsinginuutiset.fi/artikkeli/229005-ihmiskauppa-yleisty-tuomioita-harvoin>

## Conclusion

The PHS Quality project aims at analysing how legal regulation, public policy, and social partners' actions improve job quality and fight informality in the personal and household services sector. The experiences in Finland provide insights about improving the social rights of domestic workers, reducing informality in the personal and household services sector and eventually improving the quality of those services. The legal framework in Finland gravitates around fighting informality. But as strong as the principle of protection and equal treatment are in the Finnish legal framework, the deficiencies in monitoring and practical implementation of policies do not abolish the fact that work at homes is a territory of more vulnerability, precariousness and informality than in many other working places even in the low paid sectors (See also Morel, 2015). In a nutshell, the Finnish case illustrates a Janus-faced picture. We observe a strong protection at the core, for the PHS workers under the firm protection of the permanent contracts and strong safeguard by the labour unions. These workers, they may be more in risk of becoming overburdened due to the increase in work intensity and are in general low paid in the household sector (especially in care), yet, they remain to better protected than the fragile workers at the margins. Among these are the migrant workers. They are at the biggest risk to be exploited by '*ruthless employers*' (OM). As Ollus (2016) has suggested, there is an element of "*structural exploitation*" in the Finnish system of work-related migration under imposed labour market flexibility. Together with absence of supervision, lack of control in sub contraction chains, exclusiveness of trade unions, the restrictive migration and family unification policy contributes to the informality, precariousness and vulnerability and endanger the principles and law of antidiscrimination and equality at the heart of the Finnish legal framework.

## Recommendations

- i) The benefits of the tax deduction should not only benefit the (higher) middle class  
*Therefore, it should be ensured that the system does not only benefit the higher income classes or replace the universal public services\*
  
- ii) Service voucher system is still a very small part of the Finnish social service provision, and its' use could be improved by a better sharing of experiences among the municipalities  
*Therefore, mutual learning of the pros and cons with service vouchers should be facilitated among the municipalities*
  
- iii) Despite the strong protection the workers at PHS sector (at least at the formal employment) by the labour law and the equal treatment principles of workers, the insufficient supervision and monitoring of working conditions and workers right in the PHS sector is a notorious problem. Valvira, as the national supervising authority on health care and social care lacks resources and legal capabilities to monitor the working conditions at the households.  
*Therefore, it should be ensured that the public authorities have sufficient resources and enhanced legal capabilities to monitor the working conditions at home environment.*
  
- iv) In Finland, the legislation on contractors' liability (tilaajavastuu) does not include the chain liability (as in many other EU countries such as i.e. the Netherlands)  
*Therefore, the chain liability should be made as part of the Finnish system of contractors' liability in line with other EU countries*
  
- v) The trade union's (but also other societal actors) have difficulties of reaching the domestic workers, especially those with migrant background.  
*Therefore, the social partners role in the protection of this vulnerable group of workers should be strengthened and new forms of social dialogue with a broad constellation of public and societal partners (incl. law enforcement, human right movements, NGOs) is needed.*

- vi) The PHS sector is very invisible, and very little data and knowledge is about the sector  
*Therefore, more data and research should be obtained about the sector and people in this sector.*
  
- vii) Deregulation of labour markets is driving precariousness within the whole sector  
*Therefore, both governmental policy and trade union strategies need to ensure that labour rights are respected and working conditions are protected in this vulnerable (low-paid) sector.*
  
- viii) The risks related to bogus self-employment is growing at platform economy markets, especially for cleaning services and for migrant workers  
*Therefore, national and EU action is needed to regulate the platform labour markets and guarantee the worker's rights and protection in these service sectors.*
  
- ix) Restrictive migration and family unification policy contributes to the informality, precariousness and vulnerability of the third nation migrants in this sector and endangers the principles and law of antidiscrimination and equality  
*Therefore, it should be ensured that migration and family unification law vis-a-vis labour market policy do not conflict or jeopardise the basic human rights of people.*



## Appendix 1 List of Respondents and the research design and method

Code	Respondent	Date of interview
ACA1	Researcher (specialised in employment at PHS)	13.8.2018
ACA2	Researcher (specialised in migrants at PHS)	12.8.2018
IO	Human Rights association, NGO	15.8.2018
MIN	Policy officer, Ministry of Employment	15.8.2018
RI	Researcher at National Institute for health and wellbeing	16.8.2018
TU	Lawyer, the main Trade union confederation	26.9.2018
TU2	Lawyer, the Trade union for service workers	14.8.2019
TU3	Trade Union for care workers: 2 respondents: professional affairs expert and advisor	11.9.2019
SUP	Lawyer, National supervisory agency	28.11.2018
MUN1	The Association of the Finnish Municipalities: lawyer	21.8.2019
MUN2	The Association of the Finnish Municipalities: policy specialist	21.8.2019
OM	Policy officer, European institute for Crime	14.11.2018
WOM	NGO working with refugee women	15.8.2019

PHS quality research project has been reviewed and approved by University Amsterdam/University of Twente and by the BMS Ethics Committee of the University of Twente.

The Finnish data comprises of 13 expert interviews. The respondents were selected based on their knowledge of the topic, and their organisation. The starting was to cover all required

authorities in the field (state-level, trade union level, civil society level). Thereafter a snowball method was applied to require other important experts in the field. Due to the small size of the sector, it turned out to be difficult to find a long list of respondents, but the existing list gives a good overview of the sector and its challenges in Finland.

The interviews were conducted between August 2018 and August 2019. 5 All respondents received the interview questions and the informed consent form in advance (appendix 2 includes the full questionnaire). During the interviews, the respondents could concentrate in the questions that were most in line of their expertise. Five of the interviews were conducted face-to-face, and five via skype, each of them lasted around one hour. The General Ethical Principles & Data Management procedure of University of Twente were followed both in conducting the interviews, storing the data, analysing the data and reporting the data.

The interview transcripts and written documents and articles were analysed by utilising the Qualitative Content Analyse (QCA) method by Mayring (Mayring, 2014). In the QCA, the researcher aims to formulate a criterion of definition, derived from research question, which helps to categorise the textual material. In various round the tentative categories are revised, eventually reduced to main categories. This was done with the help of ATLAS.ti programme.

## Appendix 2 PHS Quality project: interview questions of the project/ Finnish case study

Project goal: analyse the existing policies and practices in the PHS sector and examine the potential for conciliating the quality and affordability of the services provided with decent working conditions and access to social protection for the workers in the sector.

Research questions: How can legal regulation, public policy, and social partners' actions improve job quality and fight informality in the personal and household services sector

- to provide insight in the experiences of ten EU member States implementing legislation and public policies aimed at improving the social rights of domestic workers, reducing informality in the personal and household services sector and improving the quality of those services.
- to analyse the challenges public sector and social partners face in improving the working conditions and social rights of the workers in the personal and household services sector through public policy and collective bargaining and social dialogue;

Respondent information (will be anonymised and used only for the research purposes cf. consent form)

- o Current and former relevant position
- o Relation to PHS (PHS, henkilökohtaiset ja kotitalouspalvelut)

General questions on the PHS sector in Finland

1. What is the current state of affairs of the PHS sector in Finland?
  - What is the main focus (services) provided of the sector in Finland: project focuses on home help/cleaning
  - How large is the sector? (any statistical data, sources of information welcome)
  - What is the proportion of public/private/market actors?
  - Who are the workers? Who are the clients?
  - What are the main challenges?
  - To what extent is this a vulnerable sector (with respect to workers' rights, working conditions, informality of work) in Finland?
  
2. Questions on the impact of international labour standards for domestic workers on (national level) labour law/social security protection of workers in the PHS-sector
  - How/to what extent are workers in the PHS-sector protected by national labour law?

- How/to what extent are workers in the PHS-sector covered by social security legislation?
- In your opinion, have the adoption of the ILO Convention and Regulation on domestic work got a positive impact in the improvement of the social protection of workers in the PHS-sector?
- If possible, can you tell me about the process leading to the ratification?

### 3. Questions on the Effects of government regulation, social partners' initiatives and view on options for future regulatory initiatives

- In your view, what have been the main initiatives to regulate labour and social rights of workers in the PHS-sector by the current government (and by previous governments since 2007)?
- In your view, what effects have previous regulatory attempts had on the level of protection of workers (labour law, social security) in the PHS-sector?
- In your view, how have these regulatory efforts affected the numbers of workers/job quality/quality of services in the PHS-sector?
- How have public policy initiatives addressed the:
  - a) vulnerable labour markets position of workers in the sector
  - b) the more limited labour rights and low social protection of workers in the sector
- What are the main challenges of the sector in Finland with respect to
  - a) social rights and working conditions of workers,
  - b) reducing informality of the sector and
  - c) improving quality?
- What options do you see for future regulatory attempts and? What initiatives do you expect in the near future? Will the forthcoming SOTE reform for example change the situation?
- How do you see the role of social partners role for the sector? Have new actors in industrial relations have emerged in the PHS-sector in the last decade? Are they collaborating and jointly working with traditional industrial relations actors (trade unions and employers' associations)? How do you see their role in addressing the specific needs of workers in the sector?

- What could Europe learn from Finland (what to do/not to do) with respect to reconcile good and affordable services with decent working conditions and access to social protection for the workers

## Bibliography

- Aalto, K. (2015). The Finnish Tax Reduction for Domestic Costs: Consumption Patterns. In C. Carbonnier & N. Morel (Eds.), *The Political Economy of Household Services in Europe* (pp. 242–261). London: Palgrave Macmillan UK. [https://doi.org/10.1057/9781137473721\\_11](https://doi.org/10.1057/9781137473721_11)
- EFSI. (2013). White book on personal and household services in ten EU Member States, (November), 32.
- Esping-Andersen, G. (1990). *The Three Worlds of Welfare Capitalism*. Princeton, New Jersey: Princeton University Press.
- Eurofound. (2012). *Employment in Household Services*.
- Hallitusohjelma. (2019). *Osallistava ja osaava suomi* –. Helsinki: Valtioneuvosto. Retrieved from [https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/161662/Osallistava\\_ja\\_osaava\\_Suomi\\_2019\\_WEB.pdf?sequence=1&isAllowed=y](https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/161662/Osallistava_ja_osaava_Suomi_2019_WEB.pdf?sequence=1&isAllowed=y)
- Hiilamo, H. (2015). The Politics of Domestic Outsourcing in Finland and Sweden. In C. Carbonnier & N. Morel (Eds.), *The Political Economy of Household Services in Europe* (pp. 82–101). London: Palgrave Macmillan UK. [https://doi.org/10.1057/9781137473721\\_4](https://doi.org/10.1057/9781137473721_4)
- Jokinen, A., & Ollus, N. (2014). “ TUULIKAAPISSA ON TULLJOITA ”: Työperäinen ihmiskauppa ja ulkomaalaisten työntekijöiden hyväksikäyttö ravintola- ja siivouspalveluilla (HEUNI raport series 76). Helsinki. Retrieved from [https://www.heuni.fi/material/attachments/heuni/reports/zE8YBjpXz/Heuni\\_report\\_no.76.pdf](https://www.heuni.fi/material/attachments/heuni/reports/zE8YBjpXz/Heuni_report_no.76.pdf)
- Jokinen, A., Ollus, N., & Viuhko, M. (2011). *Ehdoilla millä hyvänsä. Työperäinen ihmiskauppa ja ulkomaalaisten työntekijöiden hyväksikäyttö Suomessa* (HEUNI raport series 67). Helsinki. Retrieved from [http://www.heuni.fi/material/attachments/heuni/reports/6KHnGVcTn/HEUNI\\_report\\_no.67.pdf](http://www.heuni.fi/material/attachments/heuni/reports/6KHnGVcTn/HEUNI_report_no.67.pdf)
- Jokinen, E. (2015). *Personal and Household Services: Finland. European Commission*. Brussels.
- Jokinen, E. (2017). Coping with the crisis in Finland: Challenging times for social dialogue. In I. Guardiancich & O. Molina (Eds.), *Talking through the crisis: Social dialogue and*

- industrial relations trends in selected EU countries* (pp. 83–105). ILO.
- Karjalainen, J., Hiilamo, H., & Raivio, H. (2003). *Harkinta Toimeentulotuessa. Toimeentulotuen muutosten arvioinnin valiraportti. Aiheita 19/2003*. Helsinki: Stakes.
- Kautto, M., Heikkilä, M., Hvinden, B., Marklund, S., & Ploug, N. (1999). *Nordic Social Policy: Changing welfare states*. London and New York: Routledge.
- Kröger, T., Aerschot, L. Van, & Puthenparambil, J. M. (2018). *Hoivatyö muutoksessa: Suomalainen vanhustyö pohjoismaisessa vertailussa*.
- Kuntaliitto. (2015). The survey on the municipal use of service voucher in 2015. Retrieved June 26, 2019, from <https://www.kuntaliitto.fi>
- Kuntaliitto. (2018). The survey on the municipal use of service voucher in 2018. Retrieved June 25, 2019, from <https://www.kuntaliitto.fi>
- Lietonen, A., & Ollus, N. (2018). *Opas yrityksille ja työnantajille riskienhallintaan erityisesti alihankintaketjuissa - Työvoiman hyväksikäytön ja ihmiskaupan ennaltaehkäisy Suomessa* (No. HEUNI report series 88a). Helsinki. Retrieved from [https://www.heuni.fi/material/attachments/heuni/reports/8AAxd34id/Kansallinen\\_opas\\_pohjoismainen\\_CSR\\_B5\\_090418\\_WEB.pdf](https://www.heuni.fi/material/attachments/heuni/reports/8AAxd34id/Kansallinen_opas_pohjoismainen_CSR_B5_090418_WEB.pdf)
- Mayring, P. (2014). *Qualitative Content Analysis*. *SAGE Open*. <https://doi.org/10.1177/2158244014522633>
- Morel, N. (2015). Servants for the Knowledge-Based Economy? the Political Economy of Domestic Services in Europe. *Social Politics*, 22(2), 170–192. <https://doi.org/10.1093/sp/jxv006>
- Morel, N., & Carbonnier, C. (2015). The political economy of household services in Europe.
- Näre, L. (2016). Neoliberal Citizenship and Domestic Service in Finland: A Return to a Servant Society? In B. Gullikstad, G. K. Kristensen, & P. Ringrose (Eds.), *Paid Migrant Domestic Labour in a Changing Europe: Questions of Gender Equality and Citizenship* (pp. 31–53). London: Palgrave Macmillan UK. [https://doi.org/10.1057/978-1-137-51742-5\\_2](https://doi.org/10.1057/978-1-137-51742-5_2)
- Ollus, N. (2016). Forced Flexibility and Exploitation: Experiences of Migrant Workers in the Cleaning Industry. *Nordic Journal of Working Life Studies*, 6(1), 25. <https://doi.org/10.19154/njwls.v6i1.4908>
- Sams, A., & Sorjanen, A.-M. (2014). *Severe forms of Labour Exploitation Supporting victims of severe forms of labour exploitation in having access to justice in EU Member States*.
- Sohl, L. (2019). “It Is So Swedish That You Have to Work”. Returning Swedish Migrant Women’s Negotiations of Gender Equality and Heterosexuality. *NORA - Nordic Journal of Feminist and Gender Research*, 27(2), 80–95.

<https://doi.org/10.1080/08038740.2018.1560363>

StatisticsFinland. (2019). Labour Force Survey. Retrieved February 6, 2019, from [www.stat.fi](http://www.stat.fi)

StatisticsFinland. (2020). Labour force Survey. Retrieved March 3, 2020, from [www.stat.fi](http://www.stat.fi)