

42nd European Congress of the Regional Science Association
Dortmund, Germany
August 27 - 31, 2002

Mika Raunio
Unit for Urban and Regional Development Studies (Sente)
University of Tampere, Finland
Mika.m.raunio@uta.fi

The images and realities of foreign top professionals in Finnish working and living environments

ABSTRACT:

In the immediate future foreign labour will play an increasingly important role in the competitiveness of expertise-intensive firms and whole urban regions in Finland as has already happened in many other western countries in recent years. Due to high birth rates at the late 1940s and the early 1950s compared with almost half smaller birth rates in the early 1970s the number of retiring people will increase dramatically in relation to people entering the labour market. Labour shortage may be eased by educational reforms and by raising the age of retiring from the labour force, but one crucial part of the solution is foreign labour that should fill in the gap in the Finnish labour markets. At the moment labour shortage is visible in only some branches of the fastest growing industries and the slowing world economy fades the visibility of even these shortages. However, the fast growth of economy in previous years gave the first ideas about the attractiveness of Finland due to labour shortage mainly in the information technology related business. Professionals from around the world came to fill this rather strictly determined gap on skills This study aims at a profound understanding of key issues in attracting and retaining foreign professionals in Finnish working and living environments. Although this study focuses on professionals in IT-industry, it should provide a wider picture of Finland and its industries abilities to attract labour force in immediate future.

1 The Background

In the immediate future foreign labour will play an increasingly important role in the competitiveness of expertise-intensive firms and whole urban regions in Finland as has already happened in many other western countries in recent years. Due to high birth rates at the late 1940s and the early 1950s compared with almost half smaller birth rates in the early 1970s the number of retiring people will increase dramatically in relation to people entering the labour market. Labour shortage may be eased by educational reforms and by raising the age of retiring from the labour force, but one crucial part of the solution is foreign labour that should fill in the gap in the Finnish labour markets.

At the moment labour shortage is visible in only some branches of the fastest growing industries and the slowing world economy fades the visibility of even these shortages. However, the fast growth of economy in previous years gave the first ideas about the attractiveness of Finland due to labour shortage mainly in the information technology related business. Professionals from around the world came to fill this rather strictly determined gap on skills. This study aims at a profound understanding of key issues in attracting and retaining foreign professionals in Finnish working and living environments. Although this study focuses on professionals in IT-industry, it should provide a wider picture of Finland and its industries abilities to attract labour force in immediate future.

2 The research questions and the process

The key questions are:

- 1) What are the images of foreign top professionals of Finnish firms and Finland in general as a place to work and live?*
- 2) What are the real-life experiences of foreign top professionals of Finnish firms and Finland in general as a place to work and live?*

The first key question examines professionals' images of Finnish firms and urban regions before and after arriving to Finland. The clashes between the pre-arrival images and post-arrival experiences are studied and the reasons why Finland and a Finnish firm were chosen amongst many other alternatives are explored.

The second key question examines the bottlenecks and strengths of Finnish firms as working environments and urban regions as living environments in the field of global competition. What are the real competitive advantages or disadvantages of the Finnish firms and urban regions?

Through these key questions the study strives:

- to reveal the advantages or disadvantages of expertise-intensive firms deriving from being located in Finnish urban regions in terms of attracting professional labour
- to draw a realistic picture of the possibilities of Finnish urban regions to satisfy or to significantly alleviate the demand for professional labour through foreign professionals
- to understand the process and channels of information that lead foreign professionals to Finland

- to indicate the significance and magnitude of local strengths and weaknesses in each urban region separately from national level factors in order to attract foreign professionals.

The study process includes:

- HR personnel's interviews and the selection of the target group for the study
- Interviews with the people responsible for the recruiting of foreign professionals and other people who have a significant role in the process (unit managers/HR-workers or equivalent). (30 interviews)
- Questionnaire that aims to find out whether foreign top professionals are satisfied or not satisfied with their situation and what factors affect the prevailing level of satisfaction. Analysis (556 answers).
- Interviews with foreign top professionals. The spouses will also be interviewed in order to enhance the understanding of the pros and cons emerging in the everyday lives of foreign families/couples. (92 interviews)
- Final report

3 Major results from the questionnaire

The attractiveness of urban regions may be estimated according to its position in target groups *field of choices*. The field of choices of international professional labour force consists of those opportunities that they perceive and consider as potential places to work and live. In persuasion of the professional labour force the competitiveness can be seen as attractiveness and a competitive advantage as an ability to attract and retain human resources more efficiently than other parties pursuing the same target group. Attractiveness does not only attract but it also retains. The environment and the elements of attractiveness are here allocated into five basic elements:

- Creative problem solving environment (interesting and challenging job opportunities, size of the labour markets, working culture, etc.)
- Economic environment (salaries, tax-level, costs of living, etc.)
- Functional environment (public and private services, access to place, etc.)
- Social environment (friends and relatives, social networks, international atmosphere, etc.)
- Physical living environment (housing conditions, natural environment, safety, etc.)

Of the given alternatives to the question "Why did you move to Finland" the most of often selected alternative was "The interesting and challenging work" (33,5 %), however "only" one third of respondents selected this as the most important reason. Career opportunities were the most important reason for 22,0 % and Finnish working culture for 9,4 % of respondents. Family reasons are the most important reason almost for the one third of respondents (31,7 %), but on the other hand also most often selected as the least important reason. High standards of living was the most important reason for 10,5 % and economic reasons for 12,4 % of respondents. (Table 1.) Presented in a pointed way, besides family reasons the interesting work and career opportunities attract professional labour force to Finland.

Table 1. Why did you move to Finland? Reasons from the most important to the eighth important. (N=556)

%	1st	2nd	3rd	4th i	5th	6th	7th	8th	Total
Interesting and challenging work	33,5	21,8	16,8	7,2	6,3	4,9	2,5	7,0	100
Family reasons (Finnish spouse, spouse's work, relatives, etc.)	31,7	6,5	3,2	3,8	2,9	3,8	4,9	43,2	100
Career opportunities	22,0	21,6	15,9	12,3	9,5	7,7	5,2	5,8	100
Exotic experience (curiosity etc.)	17,0	13,9	13,9	11,7	12,1	8,8	10,0	12,7	100
Economic reasons	12,4	7,4	10,8	12,6	11,9	8,6	13,5	22,7	100
Friends and social network /	11,2	6,7	4,9	9,9	7,0	16,2	20,7	23,4	100
High standards of living (safe and clean surroundings, etc.)	10,5	12,3	16,6	18,2	18,2	13,5	5,0	5,8	100
Finnish working culture	9,4	5,8	10,3	10,8	12,4	17,5	15,9	18,0	100

Depending on the field and values of the top professionals the various elements of attractiveness were weighted in different ways. Competitive advantage always emerges in relation to the other opportunities in the field, thus the elements of attractiveness are weighted in different ways depending on the field of choices in which the professional attaches value to the various factors. For example, in Finland economic wellbeing and job markets do not play so great a role in attractiveness seen from North America or North Europe as from Central Europe or the Far East. The spearhead of attractiveness stresses interesting and challenging work opportunities, but the weighting varies according to groups coming from different job markets and economic conditions.

Taken to extremes the endeavours of the metropolitan region to *commit (retain)* capable workforce to be part of the region's base of expertise entails a struggle in the conflict of national and individual demands. Those planning to move to a third country frequently mentioned their dissatisfaction with Finnish salary levels and taxation, which combine to form a fairly modest level of economic prosperity compared to the many other opportunities available internationally. Those planning a return to their country of origin evinced reasons of family as the most important. To put the extreme case, those planning a departure were more dissatisfied than those intending to remain in Finland (Table 2.):

- at national level with salaries and taxation
- at regional level with the general atmosphere and people's approachability, and also to some extent with the career prospects offered by the region and the level of housing
- at company level largely with the communication culture of their work unit.

Table 2. Satisfaction with some elements of working and living environments and future plans (N=556)

<i>Strongly agree or mostly agree (Strongly agree in brackets)</i>	<i>I will stay in Finland permanently</i>	<i>I will move back to my home country</i>	<i>I will move on to a third country</i>	<i>Total</i>
My salary and other financial incentives are sufficient	51 % (7 %)	32 % (7 %)	26 % (6 %)	34 % (6 %)
Career prospects in my current home region in Finland are good	60 % (17 %)	45 % (11 %)	52 % (16 %)	55 % (15 %)
My current tax rate is tolerable	43 % (2 %)	24 % (6 %)	12 % (2 %)	24 % (3 %)
In Finland my pension benefits are working alright	43 % (12 %)	33 % (4 %)	27 % (8 %)	34 % (8 %)
My current job is very interesting and challenging	87 % (48 %)	80 % (37 %)	78 % (38 %)	81 % (39 %)
The working culture in my unit is communicative	80 % (28 %)	66 % (21 %)	56 % (18 %)	66 % (21 %)
My current home region is safe	95 % (62 %)	97 % (60 %)	96 % (69 %)	96 % (63 %)
My current home region is clean and unpolluted	96 % (63 %)	93 % (62 %)	96 % (72 %)	94 % (66 %)
I feel I have been treated equally in Finnish public offices	77 % (37 %)	68 % (20 %)	60 % (24 %)	70 % (20 %)
The atmosphere of my current home region is open and people approachable	67 % (20 %)	42 % (6 %)	36 % (8 %)	49 % (11 %)

All in all one may conclude that many factors are very important or quite important to the majority when the place to live is selected from the international field of choices. As regards attractiveness the comprehensive development of the urban region is thus important, but it is appropriate to consider focal areas by way of the features of them which are considered important, with which the respondents are the least satisfied.

Attractiveness and competitive advantage can be pursued, for example, via the following strengths and bottlenecks:

To state the extreme case, a creative problem-solving environment is a qualitative strength, but quantitatively a weakness for Finnish urban regions. The work opportunities are interesting and challenging, but contemplated globally or from a specific expertise the job markets of the Finnish urban areas only offer a decidedly limited amount of interesting work and career

prospects. It may be considered a quantitative strength that the working culture is not particularly hierarchical, making colleagues and superiors easier to approach. The fairly low-profile discussion culture characteristic of the Finns, however, serves to detract to some extent from the benefits of low hierarchy, as communication is limited to the exchange of only that information which is essential for the work tasks. (Figure 1)

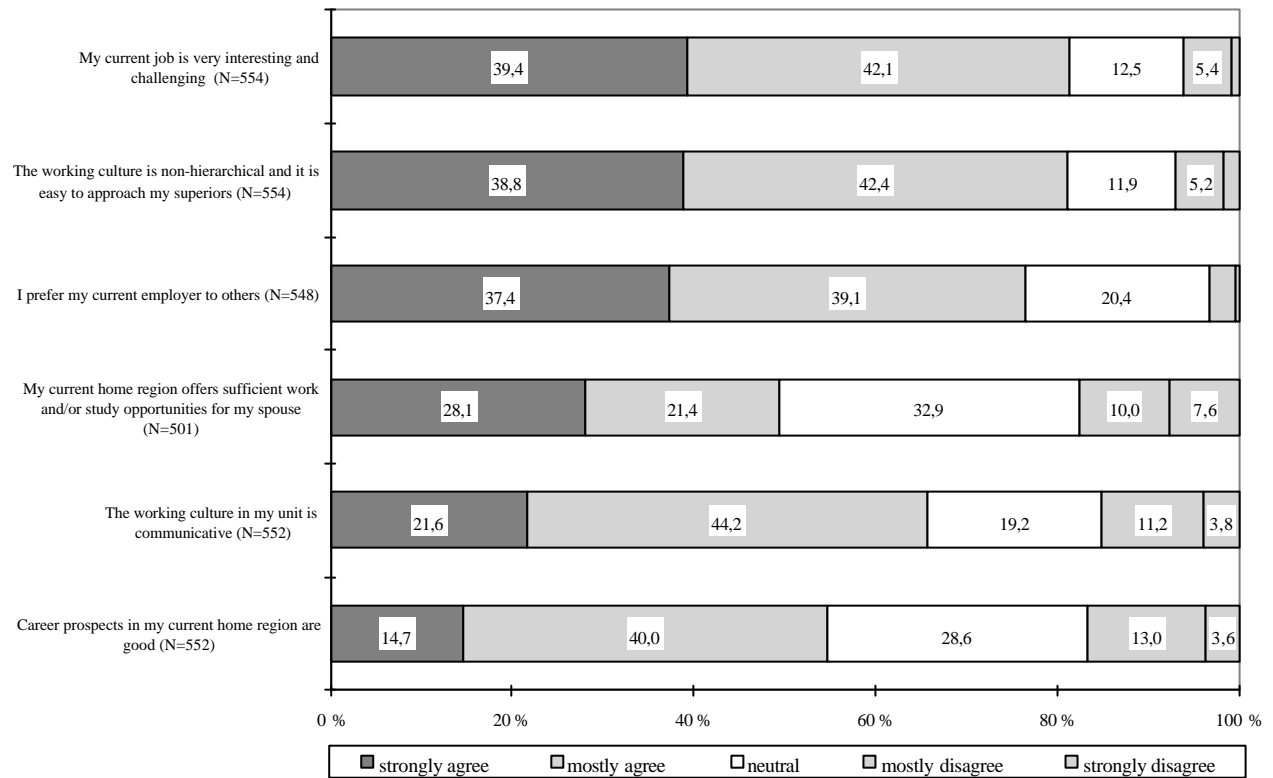


Figure 1. Satisfaction with work related factors

Economic factors taken as a whole are more of a weakness than a strength as national attractiveness attributes. Experts do not generally come to Finland because they are attracted by economic wellbeing.¹ Compared to the alternatives on offer (especially in the USA and the UK) it may seem that the level of economic wellbeing for professional individual in Finland is fairly modest. The high taxation is not necessarily seen as high level public services used by the target group. On the other hand, someone who only works in Finland for a few years does not feel that he is deriving any benefit from free education before entering working life or benefits with regard to pensions on leaving working life, nor yet of other services for the elderly. Moreover, the level of incomes and taxation practices are frequently compared to experiences in other countries. (Figure 2)

¹To some extent those arriving from areas with the weaker income level, namely from Central and Eastern Europe, constitute an exception to this. For them the satisfaction with economic factors was somewhat higher. On the other hand for those top professionals, too, there were other alternatives than Finland to choose from, thus the difference from other groups is not dramatic.

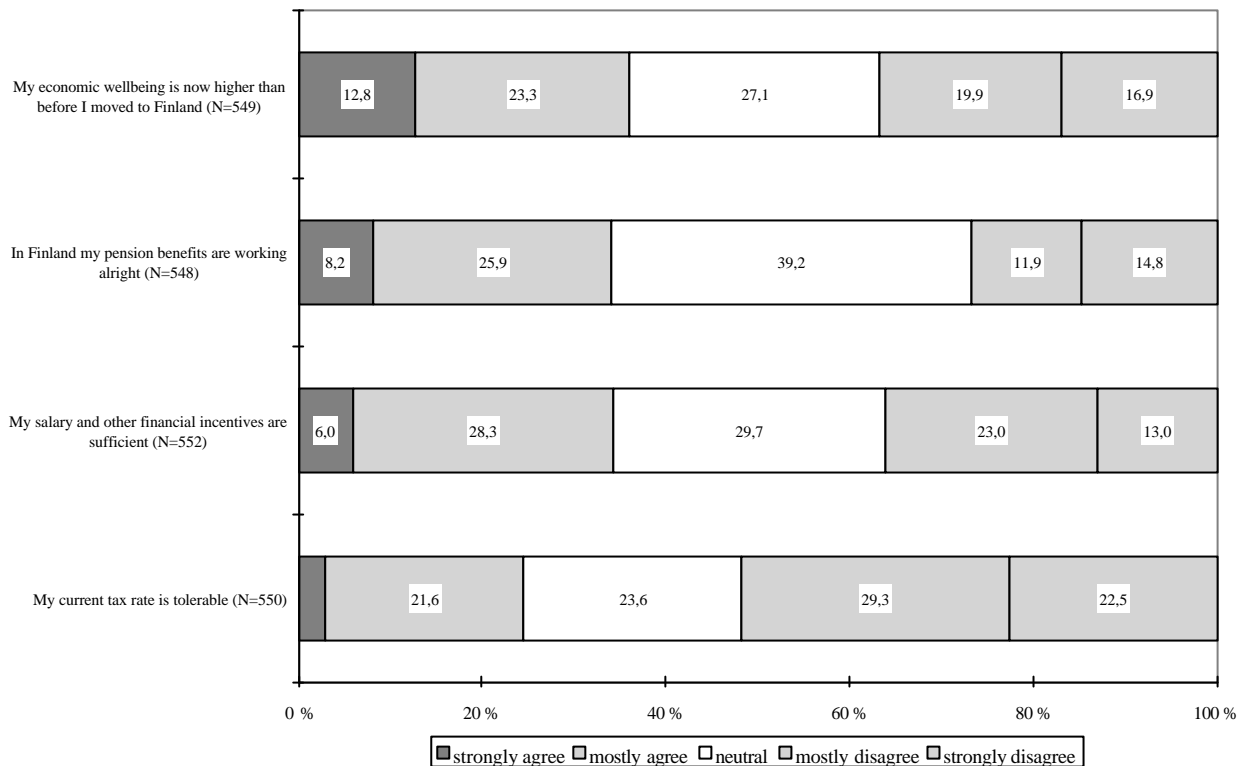


Figure 2. Satisfaction with economic factors in Finland

The general image of Finnish urban areas with well-functioning public services may be considered a strength. However, many of the respondents reported negative experiences of the quality of health care. It was felt that the right kind of treatment was not always available and the quality of service was considered poor, either compared to the quality in the country of origin or in general. The length of waiting times was also frequently considered unreasonable.

In many foreign studies the importance of cultural services and urban “night life” to the attractiveness of the urban region has been emphasised (See Castells 2001). In the present study, however, the importance of cultural services and night life received the fewest mentions as being and very important or quite important factor in the choice of place to live. Thus one may assume that those top professionals looking for the “throbbing life of the big city” do not seek to come to Finland, but go to the great international centres. The strengths of Finland are rather the welfare services creating security and the functioning society, in which case criticism of the health services should also be taken seriously with regard to international appeal.

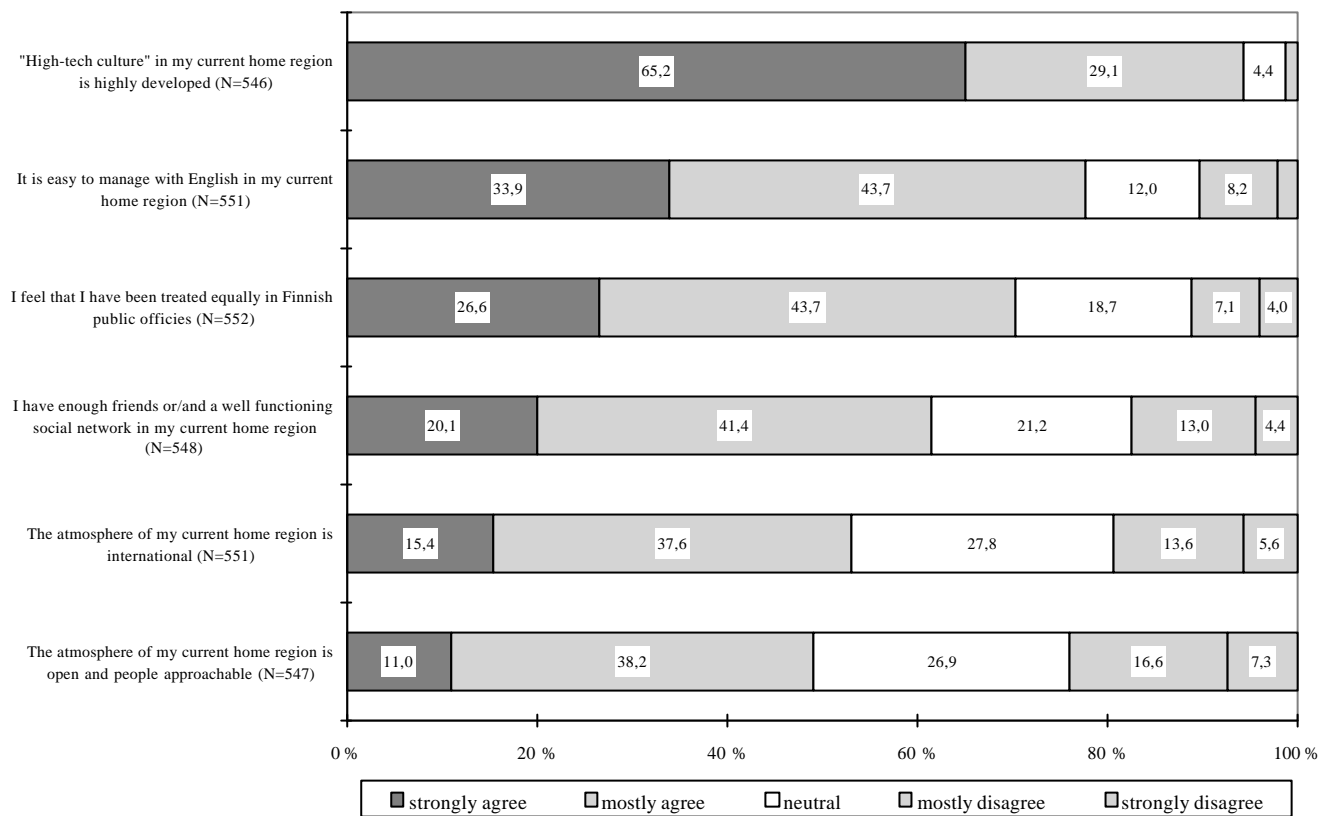


Figure 3. Satisfaction with social factors

Finland is not perceived as a particularly international society or one that easily opens up. Yet the widespread use of English and the public offices in which the attitude to foreigners is favourable offer a concrete opportunity to improve the attractiveness of the social environment in this particular respect. It is frequently the public offices that offer the first contact with Finnish society. Mostly the public offices are felt to be places offering equal service, but criticism was also expressed. In some places the treatment was felt to be bad because of the client's ethnic origin. On the other hand lack of language skills in the public offices was felt to be a negative aspect, likewise illogical justifications for decisions. All the foregoing are probably in some way connected to some extent and frequently ignorance of the modes of operation of the public offices with their complexities may give rise to feelings of inequality of treatment (Figure 3).

Although the services of many public offices have been improved and the respondents were mostly satisfied with the services, this phenomenon should be taken in hand because of its importance. For example, the objective of the German "Green Card Programme" was to bring 20,000 IT professionals from India, but only a few thousand applications were received and one reason was felt to be the racist reputation of the country and the surrounding events (Forsander 2001).

Although the urban regions in Finland have also grown, the cleanliness and safety of the living environment and the absence of pollution continue to be Finland's strengths on an international scale. As a living environment the urban regions are reminiscent of small towns and

the Helsinki metropolitan region bears features of a big city. On the other hand the living area and the quality of housing are not always particularly high when considering top professionals, i.e. a prosperous section of the population. On the other hand living environment and safety will not be sufficient to keep experts in Finland if other factors are not right.

Nature may also be considered an attractiveness factor in connection with Finnish living environment. For example, among students Finnish nature was one main attractive factor (Hietaluoma 2001, 27-28). The four distinct seasons in Finland could also be something exotic for those foreigners who come from the South. On the other hand the coldness of winter causes practical difficulties and the long dark season could be depressing.

According to Marja-Liisa Trux the reputation of Finland as a Nordic welfare state attracts at least those young experts who are looking for a “humane alternative to Silicon Valley”. The image of such an environment consists of the security of society, the cleanliness of the environment, the efficient public services and the functioning infrastructure. Attracting and obtaining experts, however, requires that these be maintained and that the good name for having them should be sustained. Humanity may also be the balance between working life and personal life. (Trux 2000b, 293, Trux 2000c, 325) Castells and Himanen have also classified Finland as a state combining information society and welfare society (ibid. 2001). Thus the basis for “the Shangri La of the new economy” would appear to be in place, which is confirmed by the respondents’ satisfaction with the high quality “high-tech culture” of Finland.

Alongside “Shangri La of the new economy”, however, there has also arisen the notion of “the Arctic Tax-Hell”, which was supported by the respondents in the present study. These rough but descriptive definitions may be seen to be interconnected and their relation can be stressed to those experts arriving in the country and those from other countries already living here. It is taxation and the arctic location which have carried the phenomena of “the Shangri La of the new economy” forward.

The high level of taxation is conducive to equality, enables a wide basic education, free higher education, many kinds of public services and especially public health care. Moreover, it is tax revenue which has also directly contributed to the development of expertise (the centres of expertise, TEKES funding etc.). Thus high taxation for its part lays the foundation on which Finnish expertise and its welfare state are constructed. Being in the arctic also has its role, as natural climatic conditions necessitate coping and the creation of a functioning and sustaining infrastructure in the various sub-areas of society. “The Shangri La of the new economy” and the “Arctic Tax-Hell” are thus different sides of the same coin, and between them a balance must be struck and an understanding achieved of the importance of this balance for Finnish society as a whole. Attractiveness can be enhanced by taking small steps in the direction of the “Shangri La of the new economy”.

The experts who move to Finland in order to work are still a mere trickle, thus the processes which attract them and retain them should be made into a part of the existing structures without major organisational changes. In the immediate future, as the domestic workforce diminishes, the flow will most probably increase, and the need for foreign labour and the accompanying

strategies and practices will not be confined to the IT branch discussed in this study; it will come to concern many other fields, both of high and low expertise.

References:

- CASTELLS, M. 2001. The information city, the new economy and the network society. Teoksessa Kasvio, A., Laitalainen, V., Salonen, H. & Mero, P. (toim.) *People, cities and new information economy. International Conference in Helsinki 14-15- December 2000.* Helsinki. s. 22-37.
- CASTELLS, M. & HIMANEN, P. 2001. *Suomen tietoyhteiskuntamalli.* Wsoy, Helsinki.
- FORSANDER, ANNIKA 2001. Etnisten ryhmien kohtaaminen. Teoksessa Forsander, Annika; Ekholm, Elina; Hautaniemi, Petri ym. (toim.) 2001. *Monietnisyys, yhteiskunta ja työ.* Helsingin yliopiston Tutkimus- ja koulutuskeskus Palmenia. Helsinki 2001. s. 31-56
- HIETALUOMA, H. 2001. *Selvitys ulkomaisten vaihto-opiskelijoiden hakeutumisesta suomalaisiin korkeakouluihin.* Kansainvälisen henkilövaihdon keskus CIMO. CIMO:n julkaisuja 3/2001. Helsinki.
- HOFSTEDE, G 1997. *Cultures and organizations. Software of the mind.* McGraw-Hill, New York.
- KARPPI, I. 2000. *Competitiveness in the nordic economies. Assessments and structural features.* Nordregio working paper 2001:2, Stockholm.
- KARPPINEN-TAKADA, MERJA 1992. *Cultural Mediators in International Business.* Helsinki School of Economics and Business Administration Centre for International Business (CIBR) Research Paper Series 4/1992. HSE PRESS. Helsinki 1992.
- RAUNIO, M. 2001. *Osaajat valintojen kentällä. Helsingin, Tampereen, Turun, Jyväskylän, Porin ja Seinäjoen seutujen Vetovoimaisuus virtaavassa maailmassa.* Tampereen yliopisto. Alueellisen kehittämisen tutkimusyksikkö. Sente-julkaisuja 11 / 2001.
- TRUX, MARJA-LIISA 2000a. Johdanto. Teoksessa Trux Marja-Liisa (toim.) 2000. *Aukeavat ovet -kulttuurien moninaisuus Suomen elinkeinoelämässä.* Sitra 238. WSOY. Helsinki. s.13-19
- TRUX, MARJA-LIISA 2000b. Monimuotoinen työyhteisö. Teoksessa Trux Marja-Liisa (toim.) 2000. *Aukeavat ovet -kulttuurien moninaisuus Suomen elinkeinoelämässä.* Sitra 238. WSOY. Helsinki. s. 261-316
- TRUX, MARJA-LIISA 2000c. Yhteenveto. Teoksessa Trux Marja-Liisa (toim.) 2000. *Aukeavat ovet -kulttuurien moninaisuus Suomen elinkeinoelämässä.* Sitra 238. WSOY. Helsinki. s. 317-333