

# 3 Lessons Finland Can Learn from the Strength of the U.S. Job Market

The American job market is the healthiest it's been in decades and is arguably the strongest element of the U.S. economy today. The nation is experiencing its longest stretch of low unemployment in 50 years (3.8 %, March 2019), with 21 million new jobs created since 2010.

This growth has helped America foster one of the most diverse workforces in the world in terms of cultural background, country of origin, ideological views, range of industry knowledge, and career paths. Furthermore, market flexibility and proactive policies on workplace training have encouraged people to jump back into employed life. With companies competing for talent, their openness to diversity, flexibility, and workplace training have allowed the U.S. economy to power forward.

Finland can do the same.

Let's delve into three themes of best practices that we can learn from.

## Market Flexibility

Finland as a Business Location, our pioneering barometer of 350 CEOs jointly commissioned by Amcham Finland and Business Finland in 2018, indicates that 76% of executives in Finland consider labor market flexibility and wage flexibility as top priorities for the future government and growth of the Finnish economy. Labor market flexibility and the ability of companies to personalize wage and compensation packages through discussion and agreement with employees is one of the core tenets of U.S. labor market success.

Due to the unprecedentedly challenging 3.8 % unemployment rate, American employers strongly focus on attracting and retaining top talent. Companies recognize that understanding and engaging their employees' needs must be strategic priorities. For instance, some employees value work flexibility more than salary, and that is part of individual negotiation in the U.S.

## Diversity

America champions diversity, and its identity as a melting pot contributes to a positive

America champions diversity, and its identity as a melting pot contributes to a positive perception of highly skilled immigration. In addition, diversity and inclusion lead to profitability.

perception of highly skilled immigration. In addition, diversity and inclusion lead to profitability.

A 2018 McKinsey study shows that companies in the top quartile for diversity in executive teams (ethnic/cultural) are 33% more likely to have industry-leading profitability. Conversely, companies in the bottom quartile of diversity were 29% less likely to achieve above-average profitability. Further studies by Boston Consulting Group suggest a strategic emphasis on diversity and participative leadership by CEOs resulted in 13% higher innovation revenue on average.

While these behaviors are built into the U.S. business identity, companies in Finland can strive to achieve the same uptick in returns.

Highly skilled labor immigration is another positive contributor to society. Views of immigrants in America have shifted since the 1990s, when most thought immigrants took valuable opportunities away and burdened the country's resources (PEW global, 2019<sup>1</sup>). The U.S. now has the world's largest number of immigrants, and roughly eight-in-ten U.S. adults (78%) support immigration of highly skilled people (PEW global, 2019<sup>2</sup>).

Data presented by the Wharton School of Business shows a disproportionate number of patents are filed by foreign-born workers, and

Labor market flexibility and the ability of companies to personalize wage and compensation packages through discussion and agreement with employees is one of the core tenets of U.S. labor market success.

This is radically different from the Finnish job market, which is notorious among highly skilled immigrants for rejecting candidates because of unfamiliar universities or experience in foreign countries.

about a quarter of American entrepreneurs are immigrants. Foreign-born workers also bring skills that are complementary to their American colleagues. Knowledge transfer leads to new ideas, which often produce innovation and prosperity.

Looking to the near future, a 2015 Deloitte study notes that 83% of American millennials are more actively engaged when they believe their company fosters an inclusive culture. Millennials will comprise nearly 75% of the workforce in 10 years.

In Finland, loud anti-immigration voices are dominating political discussion on skilled labor, but we can step forward into the future by looking at the positive impact skilled immigrants have on economies.

### Workplace Training

When I was studying in the U.S., I was repeatedly told it didn't matter exactly what I studied if I learned to think critically, argue my points, manage my time, and effectively work with diverse people of views different than my own. This is because a large swathe of companies in the U.S. tend to hire for potential above any other quality. Employers can teach and train for a

job if new recruits have a solid foundation. They hire for who you'll be in one year, investing in you, rather than the school you attended or your study subject.

In fact, many companies, like tech giant Apple, don't look at educational qualifications at all, but focus on life experience, skillset, growth mindset, and willingness to learn and take on new responsibilities. This is radically different from the Finnish job market, which is notorious among highly skilled immigrants for rejecting candidates because of unfamiliar universities or experience in foreign countries.

An American approach to workplace training and career development allows employers and employees to invest in each other's success. There is plenty for Finland to learn from U.S. labor practices - market flexibility, diversity and workplace training are a productive place to get started!

<https://www.pewglobal.org/2019/03/14/around-the-world-more-say-immigrants-are-a-strength-than-a-burden>

<sup>2</sup> <https://www.pewglobal.org/2019/01/22/majority-of-u-s-public-supports-high-skilled-immigration>



**ALEXANDRA PASTERNAK-JACKSON**, CEO at Amcham Finland, is working to make Finland a more open and international place to do business and to help Finnish companies navigate the US market. She has taught on the importance of networking as well as held non-profit board positions, both in Finland and the US. Alexandra holds an MBA from Haaga Helia University of Applied Sciences and a BA from the Elliott School of International Affairs at the George Washington University. She lives in Helsinki with her Texan husband and two kids.