

THE FINNISH LABOUR MARKET, INTERNATIONALISATION AND FUTURE CHALLENGES

The role of local universities of applied sciences in improving foreign students' employability in small and medium-sized companies of Päijät-Häme and Kanta-Häme

Abstract

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THE FINNISH LABOUR MARKET, INTERNATIONALISATION AND FUTURE CHALLENGES The role of local universities of applied sciences in improving foreign students' employability in small and medium-sized companies of Päijät-Häme and Kanta-Häme		
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Abstract <p>The research is carried out in cooperation with Häme Chamber of Commerce and contributes to the development of LAMK project OSSI 2. The study investigates the business conditions of Päijät-Häme and Kanta-Häme regions, comparing them to the Finnish context. The thesis has the objective of identifying the internationalisation level of the companies in Häme and examining whether these companies are prepared to hire a foreign workforce. The challenge for international graduates is finding employment. Public institutions can help businesses and international graduates in meeting each other's needs.</p> <p>The study is divided into theoretical and empirical parts. The first part starts with a description of the economic conditions of Finland and the future challenges because of reduced birth rates, labour shortages, migration and unemployment. The theoretical part ends with a study on the role of local universities of applied sciences, LAMK and HAMK, in the regional development, and their relationship with local businesses. The empirical part strives to understand the perspective from the businesses' point of view. The data is gathered through a questionnaire delivered to the member companies of Häme Chamber of Commerce.</p> <p>The data used are mostly secondary sources, gathered from Finnish and European governmental institutions, Statistics Finland, and previous studies. Primary sources are collected for the empirical part. The research methods are qualitative and quantitative. The analysis of the results is carried with the Chi-square test of independency.</p> <p>The study results show that enterprises founded after the 80's are more internationalized and employ a diverse workforce. The difficulties of local SMEs in attracting a diverse workforce is also having negative effects on the regional migration. The solutions are incentivizing highly skilled migration on the short period of time and improving internationalisation and export industry in the long term.</p>		
Keywords Häme, internationalisation, employment, international education, language learning, SMEs		

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1 INTRODUCTION

1.1 Research background

Low birth rates and migration are among the main drivers of this new economic era, the major megatrends that are affecting western everyday life. Because of these trends, labour, for example, is forced to an inevitable and progressive mutation. This is seen also in Finland, addressing the public debate to topics such as future of the economy, taxation and welfare. (Milne 2019.)

According to the Ministry of Finance (2018b), in funding the welfare system in Finland it can be dangerous to raise taxes or to reduce the services. Solutions could come by boosting export industry but also by supporting employment policies and labour immigration, with the goal of increasing tax revenue (Cristophe & Hyunjeong 2018, 5). However, this represents a difficult challenge since the growing demand for highly skilled workforce is seen as a new threat for the future of national and global economies. In Finland, during the years 2004-2005, the number of people retiring overpassed the number of new entrants in the labour market. It is since then that the government started promoting immigration. (Malik 2016; Milne 2019.)

The focus of the study will be on non-EU/EEA students in Finland. The reason for this choice is that this segment of international students prefer to stay in Finland more than the students coming from Europe. The mobility of EU citizens within EU/EEA borders is highly determined by education and, generally, driven by exchange programs. (CIMO 2018a.) In fact, when the European youth and students are employed, they are less intended to expatriate (Eurostat 2016). On the other hand, when students come from outside the EU/EEA zone, they bring the highest economic benefit to both Finland and the whole European Union (CIMO 2014a). In the overall European prospects, foreigners aged between 15 and 29 years old constitute the bigger portion of migrants and the most vulnerable ones in the matter of employment. For this reason, education becomes fundamental in ensuring their integration and inclusion in Europe. (Eurostat 2014.) Universities play a fundamental role in this development process, by anticipating the time ahead and preparing future professionals for the evolving labour market. Focused on endorsing highly skilled immigration and flow of knowledge, Finnish international education has become one of the main competitive advantages for the country. Thus, Finland is now an attractive destination for young people. (CIMO 2012; CIMO 2014b; CIMO 2016a; CIMO 2018b.)

The author analyses the responsibilities of local higher educational institutions (HEIs) and companies from Kanta-Häme and Päijät-Häme regions (from now on, both together,

referred to Häme region). By investigating the labour market in the area, the author deduces possible outcomes, defines future challenges and helps companies and universities of applied sciences (UASs) understand what kind of actions should be taken. The Häme region results are compared to the overall national situation, with the focus being on the unbalanced conditions between more and less urbanized areas. The differences found between Finland, Germany and the Netherlands will help understand what should be introduced to support foreign students' employability and invite at taking actions by following such examples. Finnish universities play an important role in the processes of internationalisation, urbanization and technological development. It will be observed how Lahti University of Applied Sciences (LAMK) and Häme University of Applied Sciences (HAMK) attract and prepare international students to enter the Finnish labour market.

As presented in Figure 1, the thesis is addressed to different shareholders. It is directed to the businesses: to raise the attention of entrepreneurs, to support welfare and security of the country, to understand the risks, and, to promote internationalisation. It is directed to the HEIs: to evaluate the requests of the students, to promote development, to support fiscal sustainability and to take strategic actions in order to help both enterprises and future labour force. It is directed to government and policymakers: to improve immigration services, to support and invest in integration, education and long-term employment policies. And finally, it is directed to the international students: to clarify hidden information, to suggest a point of observation that could help in country choice of study, and obviously, to encourage them to enter the Finnish working life.

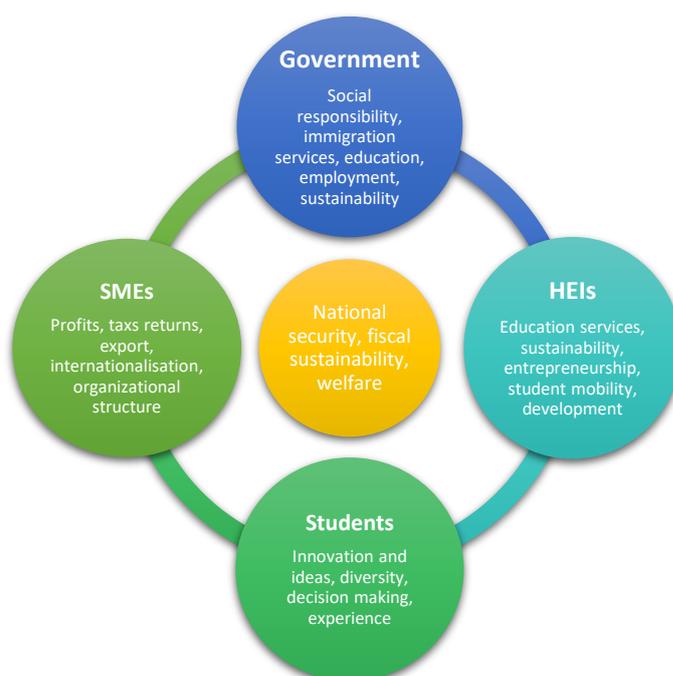


Figure 1 Shareholders and their relation to the research topic

Nowadays it is necessary that Finnish companies actuate strategies to engage foreigners in Finland to support public expenditure even through employment and taxation. Nevertheless, international graduates become the door to international opportunities, thus, they could help local businesses at internationalisation and support the nation by boosting export-oriented industry (Narayanan 2015). Finnish companies should take advantage of the international education and, Finnish governmental institutions should find out solutions to support smaller companies in hiring foreign expertise in less internationalized regions. For this reason, it is important to build a constructive and shared vision among Finnish policy-makers, higher educational institutions, students and employers.

The author wishes to suggest alternatives and solutions to policymakers and universities of applied sciences to encourage mobility and integration of highly skilled foreigners in this region. Furthermore, the author wishes to raise the attention to the concept of diversity management and the orientation of local organizations, whether they are projected to the local or the global market. Finally, the author forecasts the future challenges and provides solutions that can support the overall national development by bettering the employability prospects of non-Finnish speaking graduates.

1.2 Thesis objectives, research questions and limitations

Many Finnish companies face challenges in hiring foreign employees (Boxberg & Teivaainen 2015). In the international community in Finland, there are many concerns relating to impediments for working with language barriers being among the biggest threats for the new entrants in the labour market. Half of the international graduates work in Finland a year after their graduation, but the percentage decreases to 44% in a 5-year term (CIMO 2018a). These numbers show that there is room for improvement. Since educating a degree student in Finland costs between 30,000 EUR and 100,000 EUR of public finances, it is hard to define the economic losses in the long-term because of such barriers. In addition, education is still a tuition-free service for Finnish and European students. (Vehaskari 2010.) On the other hand, foreign-born citizens have also claimed the problem of employability in Finland. In fact, the expectations of an international student in finding a work placement after graduation is quite low. Especially for those that do not have Finnish language proficiency or training experience in the country. As a result, a large number of the international graduates in Finland end up being overqualified for their jobs.

To support national finances, it is important to help Finnish businesses gain confidence in internationalisation and acceptance of diversity at work. In doing so, it is necessary to understand the needs of both local companies and international graduates. The hypotheses (H) of the research are formulated as follows:

H1: Younger companies are more internationalised and ready to welcome foreign employees in their working environment.

H2: The presence of foreign-born expertise in the management of Häme SMEs is still quite low. When firms hire foreign managers, they employ more foreigners than the ethnocentric companies.

To help accept or reject such hypotheses, the thesis answers the main question:

- What is the overall internationalisation level of Häme small and medium-sized businesses (SMEs)?

To help answer the main question, the author will provide answers also to the following sub-questions:

- Are local companies ready to include foreigners in their operations?
- What are the reasons and challenges behind companies not hiring international graduates?
- How can local higher educational institutions and governmental policymakers help companies adapt to the future challenges?

While much attention has driven previous researches on defining foreign graduates' point of view, no major study has been carried out that measures corporate internationalisation in Häme region. Because of this, the author examines the orientation of Häme companies towards internationalisation and their relationship with local UASs. Commissioned by the Häme Chamber of Commerce, the thesis aims to be the starting point of a dialogue in future strategic consultations that would include foreign points of view as well. Furthermore, the research aims to promote internationalisation of companies in the Häme region, with the idea of facilitating the integration of foreigners in the Finnish working life and reducing the number of international students leaving the country after graduation.

The very first limitation for this research is due to the analysis of the labour market in Häme region, and since the geographical framework includes the regions of Päijät-Häme and Kanta-Häme, the findings cannot pertain the whole Finland. The very first reason for this choice is the active interest of Häme Chamber of Commerce in internationalisation and business development of Häme region (ICC Finland 2019). Secondly, the opportunity of an internship at Häme Chamber of Commerce provided the author useful data and guidance for the investigation. The decision is also reinforced by the support of OSSI 2 project which has the goal of helping foreign students of LAMK improve their Finnish language skills during their practical trainings in Finland (LAMK 2019b).

Another limitation for this thesis, is the focus on small and medium-sized companies in Häme region. In addition, the empirical part of the thesis was limited by the low responsiveness to the thesis survey. Due to the lack of time it was not possible to use most of the documentation available in Finnish language, so English written material has been used the most. Although the main segment involves non-European students in Häme, the outcomes might interest other segments of the international community that do not belong to the specific target groups for this research. Due to the lack of printed material, most of the reference material is from electronic sources. The analysis is technical, and it emphasises the practicality of matters, it follows a logical reasoning and clarifies facts, including both causes and possible consequences. The reading may raise political concerns, yet, it is not intended to assume any political line. Such limitations are listed in the following Figure 2.

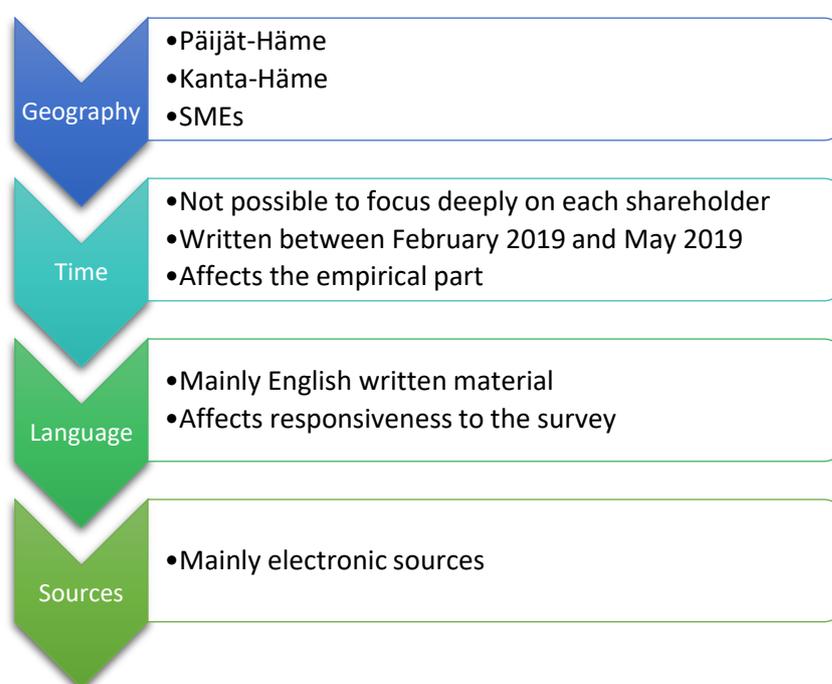


Figure 2 Research limitations

1.3 Theoretical framework

This subchapter covers the most relevant concepts of the research, having the goal of helping the reader understand the reasons behind certain assumptions. Below are briefly described the background concepts and tools that have helped formulize the hypotheses and construct the research questions.

The law of supply and demand is an economic law which explains how the market prices are adjusted. In a market where a free competition is allowed, the price for end products

regulates itself according to the consumers' needs. For example, a low supply for a certain good will determine a high demand of it, increasing the end price for that product. Therefore, with higher prices, consumers will demand less, affecting the supply of products and services that will increase, consequently dropping the end prices of the same products. (Whelan & Msefer 1996, 6-19.)

Competitive advantage is what makes a specific service or product superior, hence, appealing to the end consumers. Thus, it reflects the market conditions, allowing companies to charge higher prices for their services and products. Such prices, in fact, are determined by production costs, branding, quality, uniqueness, distribution, intellectual property and support after the purchase. (Porter 1985.)

The Gross Domestic Product (GDP) is the value of finished services and goods produced in a country. In other words, the value of the domestic production, in a certain period. GDP of a country is calculated by summing up domestic consumption, government expenditures, investments, and the foreign balance of trade, which is the actual difference between exports and imports. A country's GDP increases when the value of goods and services exported in foreign markets increases. If domestic consumers spend more on foreign products and services than what domestic companies sell to foreign markets, then the national GDP decreases. (Krugman, Obstfeld & Meliz 2012, 297-298.)

Okun's Law explains the negative relationship between GDP and unemployment. For example, a raise of 1% in unemployment provokes a fall of 2% in the national GDP. In other words, unemployment affects the outputs, reducing the production levels, and affecting negatively a country's economic growth. (Neely 2010.)

Marketing Mix is a tool elaborated by McCarthy (1964). It helps marketers in the decision-making process when trying to bring a new product to the market. The marketing mix is explained with the 7P's model, that describes the key elements: product, promotion, price, place, people, process and physical evidence.

Porter's five forces are used to analyse the attractiveness and profitability of an industry, but they can be applied for any business strategic analysis. For the purpose of the research, the focus will be narrowed down to three of the five forces: rivalry from competitors (which requires an analysis of the competitive advantages of competitors); buyer power (which analyses the size of the market and how many potential new consumers can be attracted, considering also that the consumer behaviour defines the price for end products); and threats from substitutes (that influence the behaviour of consumers that can switch to the competitors or find alternatives to the products and services offered). (Porter 1979.)

1.4 Research methodology and data collection

The writing process starts with an inductive approach. The author firstly needs to gather information, to make observations, and to formulate the hypotheses and the research questions. Then, the research process moves towards a deductive approach in the empirical part, confirming or rejecting such suppositions. (Saunders, Lewis & Thornhill 2009, 124-127.)

Due to the above-mentioned limitations and the complexity of the subject, the research mixes both qualitative and quantitative methods. Qualitative methods explain the humanistic approach to the phenomena, trying to understand the behaviour and attitude of each shareholder. Quantitative data provide instead statistical and graphical descriptions, frequencies and numerical information. (Myers 2013, 6-8.)

The following Figure 3 explains the data collection process. The study begins with the collection of secondary sources, which means already published material, in this case, interviews reported by third parties, published theses and articles, and statistical data provided by governmental agencies and international organizations. In the second part, the author gathers primary sources from open questions sent to LAMK and HAMK staff, on matters regarding tuition fees, students' participation, career guidance and marketing strategy. (Eriksson & Kovalainen 2008, 77-78.) Three staff representatives from each UAS is asked to answer four open questions through email. The discourse is based on the responses that came back from LAMK (N=3) and HAMK (N=1). The findings are described throughout the literature review and help formalize a third, meaningful, phase. At the third stage, a structured survey is delivered, through direct mailing, to (N=90) member companies of Häme Chamber of Commerce.

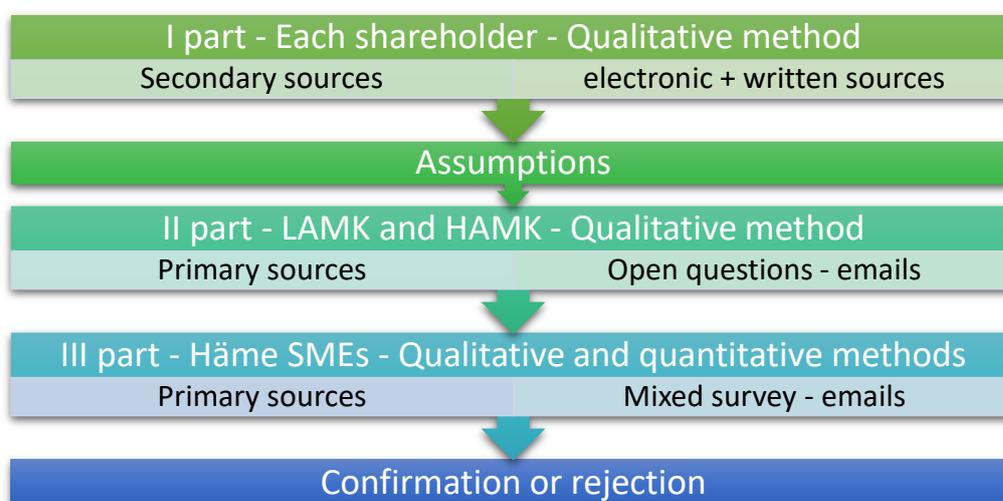


Figure 3 Research methods

The targeted segment for this investigation is small and medium-sized companies, but the respondents of the survey are mainly small businesses. The survey collects quantitative data regarding structure, performance and attitude of these companies, and helps measure the overall internationalisation level. Qualitative questions help explore the advantages and disadvantages of hiring international graduates and try to detect if the respondents are already affected by labour shortages. Primary sources are collected through this questionnaire, which takes under examination the Dörrenbächer's (2000) methods for measuring corporate internationalisation. After the literature review and analysis of the survey, the theories will be confirmed or rejected. For this purpose, the inductive approach will start from the examination of the responses to the survey that will be, then, carried out with a Chi-Square test of independency. To verify the independence or dependence of certain variables means validating or rejecting the hypotheses formulated afore (Saunders et al. 2009, 124-127). Finally, by trying to identify the risks, solutions and strategies are suggested.

1.5 Thesis structure

As presented in Figure 4, the thesis is structured in seven chapters. Chapter 1 is the introduction of the thesis. The author presents a general explanation of the background upon which the study is based on, from a general perspective to a more specific, thesis-related perspective. The discourse moves to the explanation of the research task, gaps, goals, questions and limitations, theoretical framework, methods of research, data analysis and thesis structure. Chapter 2 is the literature review. It collects information from microeconomic and macroeconomic aspects affecting the future of Finland and its inhabitants. In this section the demographic trends are described, with an emphasis on low birth rates, effects on ageing population, and consequent labour shortages. Here some of the policies adopted by the government in the last years are analysed and the risks for public finances due to the excess of expenditure over revenue are explained. The research then examines migration towards Finland and regional mobility inside the country, reporting the effects of urbanization. The chapter continues with a comparison of the employability between the group of all the graduates and the segment of international graduates in Finland. The differentiation between Germany and the Netherlands help define the major barriers for non-EU students to access the labour market in Finland. Chapter 3 clarifies the position of two local higher education institutions (LAMK and HAMK) in the regional context. Trying to understand why foreign students are attracted to study in Finland and the value proposition of Finnish HEIs in the international education market. The chapter ends with a comment on the risks carried with the overproduction of graduates. Chapter 4 is the

empirical part of the thesis. It goes deep in the business life, comparing Häme region to the overall national situation. This chapter explains driving industries and sectors, international key partners and emerging markets. It investigates companies' organization and management of international expertise starting by the recruiting processes. Chapter 5 is the development plan, this part collects all the information compiled throughout the research, draws a risk analysis, and finally it suggests solutions. Chapter 6 formulates the conclusions by answering the research questions, discussing reliability and validity of the results and suggesting further research. Chapter 7, the final chapter, summarises the whole research.

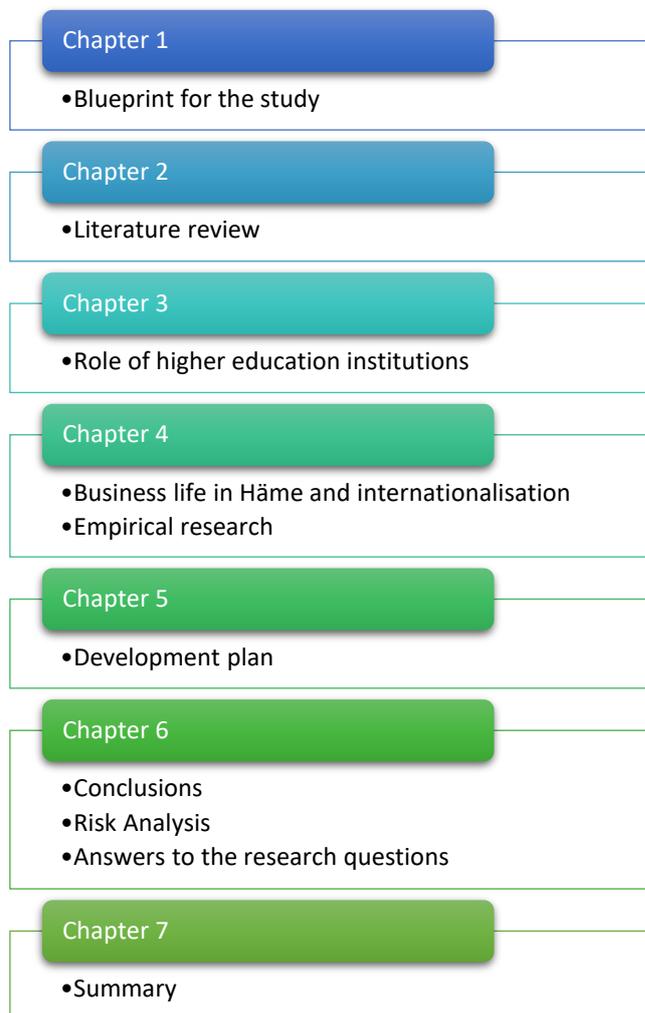


Figure 4 Thesis structure

2 FACTORS AFFECTING THE FUTURE

2.1 Birth rates

According to Statistics Finland (2018c), Finnish population structure is going through a change. Today, people aged over 64 years old represent 2.7% of the total population, by 2030 this group will account for more than 320,000 individuals, and by 2070 it will include more than 9% of the total population. At the end of March 2019, the total population of Finland accounted for 5,518,393 individuals, with 3,290 more deaths than births, as shown in Figure 5. (Statistics Finland 2019d; Milne 2019.)

Number of births and deaths 1970–2017 and projected number 2018–2060

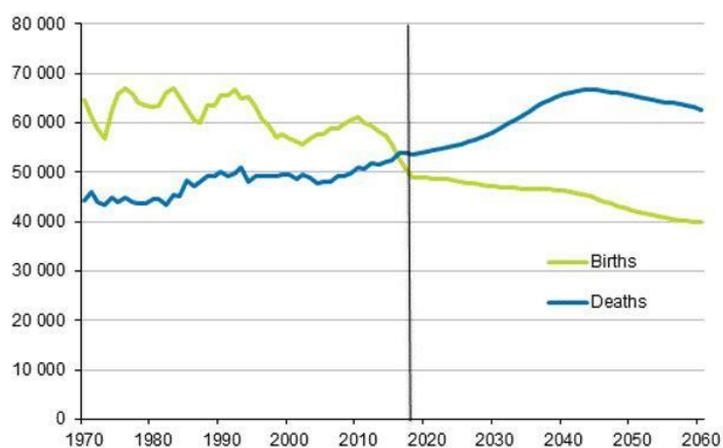


Figure 5 Number of births and deaths 1970-2017 and projected number 2018-2060 (Statistics Finland 2018c)

Ageing population, together with unemployment, will push the Finnish labour market towards important changes, affecting the economic dependency ratio (Findicator 2018). In other words, the increasing number of pensioners will heavily affect the conditions of labour market. People aged between 0 and 14, students and pupils, those out of military service, pensioners and others, represent the portion of inactive population. When the inactive population increases, becoming more than the employed population, the economic dependency ratio increases. (Findicator 2019.)

Consequently, sectoral labour shortages will slow down the national production (Cai, Shumilova & Pekkola 2012, 13; Heinonen 2018). Since this problem is affecting the western countries, the whole European Union (EU) has started promoting working-based migration from outside EU to sustain the future challenges of labour market and the needs for new skills (European Migration Network 2018). Immigration to Finland has increased in the last twenty years. Nowadays there are more people immigrating into the country than those

emigrating, thus, the population is increasing slightly. As the Figure 6 confirms, after the crisis of Syria and the high peak of immigration reached in 2015, there has been a slow decline of people immigrating to Finland. (Statistics Finland 2018a; Statistics Finland 2019d.)

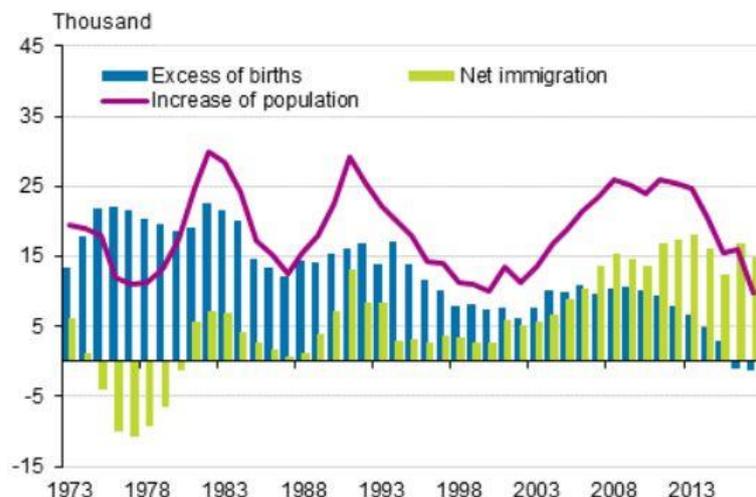


Figure 6 Excess of births, net immigration and increase of population in 1973–2017 (Statistics Finland 2018a)

Migration is one of the first solutions to be adopted in order to sustain population growth and to slow down the process of changing population structure (OECD 2018; Teivanen 2018). Statistics Finland (2018c) claims that this solution could help a country just until 2035. Thus, this is the reason why companies should actively develop solutions to increase their exports. A growing number of retiring people will increasingly press on public expenditure, while labour shortages and unemployment levels will lead to difficulties in finding support for pensions, healthcare and education. (OECD 2018.) It is important to analyse how these trends will affect the future and learn how to avoid the risks that they might carry.

2.2 Labour shortages

In Finland, the population aged between 15 and 64 years of age represents the labour force as well as the portion of active population. In other words, the group of employed and unemployed individuals able to supply labour. (ILO 2019; Statistics Finland 2019e.) Since 2010, the working-age population has decreased by 100,000 persons. The trend will continue because of reduced birth rates, affecting negatively the active participation of the labour force. (Statistics Finland 2018c; Heinonen 2018.) As a result, job vacancies will increase, and there will be a scarcity of people employed in the labour market, production

capabilities will be limited and, because of technological development, the need for new skills will affect certain occupations (Angerstorfer 2015; Ministry of Finance 2018b; Heinonen 2018).

Finland, as other EU countries, does not have a legal definition for labour shortage. However, for labour shortage is intended a reduced proportion of skilled workers able to perform a job, when demand of labour exceeds supply of labour. Most of the countries list labour shortages whether in terms of occupation, or sector, or professional groups. Because of informalities in the definition, and different approaches to this subject, incongruences among countries may appear. This makes it difficult for bodies and institutions to monitor the phenomena, collect standardized data and find effective solutions to implement on larger scale. (European Migration Network 2018.)

In the first quarter of 2019, the unemployment rate in Finland was 7.1%. Even if the employment has increased compared to the previous year, it is not enough to sustain the labour market, due to the size of the inactive population, that is growing at the same time. (Statistics Finland 2019b.) A large amount of unemployed people is hard to engage and, if compared to the condition of other Nordic European countries, the unemployment rate in Finland is the highest (Ministry of Finance 2018b; OECD 2018). Overall, Finland is affected by both unemployed job seekers and hard-to-fill job vacancies (European Migration Network 2018). Sectors that are already suffering from lack of professionals include construction and real estate, as well as IT, healthcare and social services (Ministry of Finance 2018b, 48).

While ageing population will affect the quantity of supplied labour, the lack of information between job seekers and employers will increase the mismatch between demand and supply of labour (European Migration Network 2018). Because of labour shortages, economies are less efficient, and the use of resources cannot be optimized resulting in limited production capacities. Workers may be subject to stressful conditions because of intensified duties, slowed production processes, extended working hours, or unexpected responsibilities. When human capital and machinery cannot be used at their best, outputs will drop, and profits will be limited. At the same time, reduced aggregate production and increased production costs will limit services and goods in the domestic market. This would then require intensified imports, hence, higher prices for such end products according to the law of demand and supply. (Barnow, Schede & Trutko 2010; Krugman, Obstfeld & Melitz 2012; Heinonen 2018.) Solutions to these shortages come by promoting education and training, incentivizing employment strategies and encouraging labour immigration (Ministry of Finance 2018b, 48). In the specific case of Finland, facing the evidence of diminished

working-age population, the private and public sector must focus on optimizing the use of available labour resources. (Salmenhaara 2009; European Migration Network 2018; Heikonen 2018.) Here, urbanization and the housing market seem to have important impact on labour market and regional distribution of migrants (Heikkilä & Järvinen 2003; European Migration Network 2018).

2.3 Government and policies

In Finland, free public services such as health and medical care, education, infrastructures and national defence are supported by taxation. Taxes and transfers ensure the high-quality of public services and, through redistribution of income, they reduce inequality among the population. (VERO 2019.) Even if Finnish public finances appear strong nowadays, the big challenge is to ensure fiscal sustainability in the long-term. Fundamental for the future of the economy is to optimize the spending in public services, to reduce deadweight costs, negative distortions on employment, and to promote overall economic growth. (Cristophe & Hyunjeong 2018, 3.)

Support to the economic growth is given by domestic demand and foreign trade. After the global crisis of 2008, the excess of government expenditure over revenue increased dramatically (Figure 7). With the forecast of an economic stagnation following 2020, the gap between expenditure and revenue risk grew even more. In fact, the national debt is expected to reach 109 billion EUR at the end of 2019. (Ministry of Finance 2018a; Ministry of Finance 2018b.)

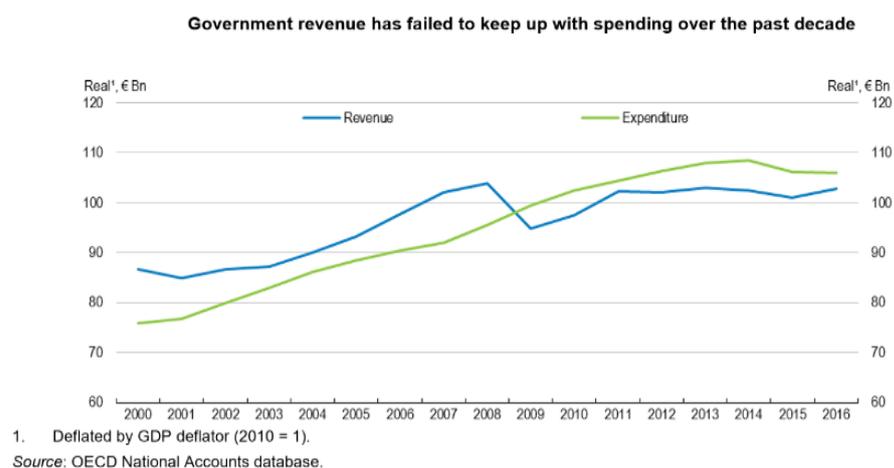


Figure 7 Government revenue has failed to keep up with spending over the past decade (Christophe & Hyunjeong 2018)

As Figure 8 shows, the demographic challenge is a threat for the Finnish public finances. To support the national accounts, the government must reduce spending and increase revenue without reducing dramatically the quality level of public services (Cristophe & Hyunjeong 2018, 5). Policies have already been adopted: taxes, such as the basic VAT, property tax and environment-related taxes, have been increased, while labour taxes have been reduced (Cristophe & Hyunjeong 2018, 7). The pension reform introduced in 2017, pointed at increasing participation in the labour force by extending the retirement age, from 63 to 65 years old, and by reducing the duration of unemployment benefits (Ministry of Finance 2018b; OECD 2018). The Competitiveness Pact aimed at reducing labour costs and giving firms more autonomy in the wage bargaining system (OECD 2018). Anyhow, increasing productivity would mean extending the working hours as well (Ministry of Finance 2018b). With such projections, the expectations that businesses can have a stronger decisional power on salaries could represent a threat for the working class. For example, a risk of reduced earnings could be translated in reduced domestic consumption, which could lead to the worst scenario, recession. If structural reforms are not applied by 2030s, expenditure in defence, healthcare and nursing sectors will increase drastically. If labour inputs are not implemented, national economic growth will be only possible by increasing productivity and reducing costs or production. The whole economy risks to become strictly dependent on foreign trade. (Ministry of Finance 2018b.)

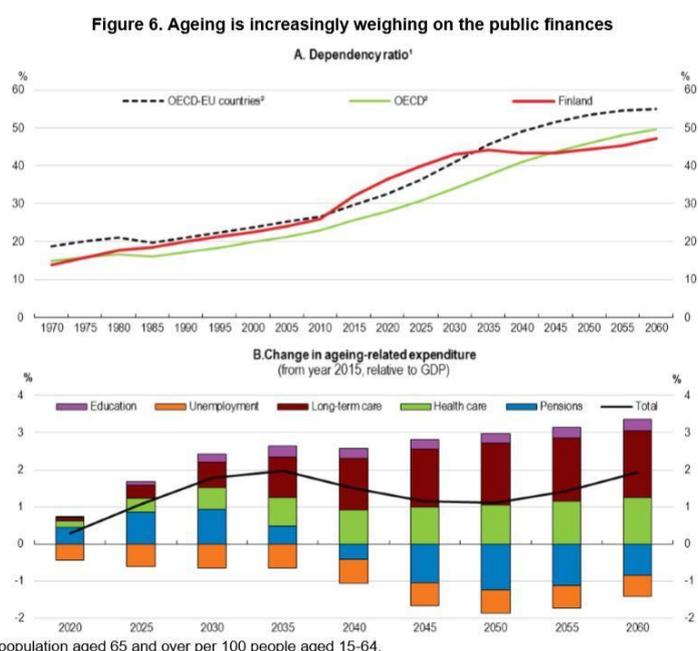


Figure 8 Ageing is increasingly weighing on the public finances (Cristophe & Hyunjeong 2018)

2.4 Employability of graduates in Finland

Finland is in the first place in Europe with the lowest rate of non-working students (8%) (Eurostat 2016). By the latest records of Statistics Finland (2019f), the employment level of graduates has increased since 2017: 86% of those having a degree in applied sciences and higher university were employed. Considering the whole population, increasing numbers of new employees were in health and welfare sectors, in business administration and law. Also, the department of information and communication technology has seen new incoming workers, yet not enough to fulfil the total workforce needed. (Statistics Finland 2019f.)

When looking at the rates of employment among international bachelor and master graduates, the Centre for International Mobility (CIMO 2016a) recorded that 54% of international graduates from a bachelor's degree of a university of applied sciences (UAS) were employed one year after graduation. This rate decreased to 49% when the interviewees had been graduated for five years. Apparently, it is even more difficult for those having a master's degree, with being employed at a rate of 44% one year after graduation, and only to 37% after being graduated five years. (CIMO 2016a.)

In 2017, of the foreign-born people with high educational foreign background, 20% worked in occupational professions, 30-32% worked as experts in a fixed-term employment, 17% were part-time employed and only 9% as special expert. Specialists with a foreign background are employed in part-time jobs two times more than specialists with Finnish background. As well as for the working hours, it is more common among non-Finnish workers to be subjected to more atypical working rhythms. Foreigners are generally involved in childcare, restoration and catering, sales, office jobs, cleaning and nursing professions. On the other hand, people with Finnish background are secretaries, bankers, builders or sellers. (Larja & Luukko 2017.) OECD reported that in 2017, 15.8% of the total foreign-born labour force in Finland was unemployed (OECD 2019).

Improving the employment prospects of international graduates, especially of non-Finnish speakers, comes by acknowledging their foreign skills and using them for the benefit of society and nation. Higher education institutions are directly involved in this process, and because they are financed by public funds, they are responsible for graduates' success in entering the labour market. (Malik 2016; Kärkkäinen 2017.) With international study programs, HEIs attract one-fourth of the total migrant population (Malik 2016), they prepare the future workforce, and they introduce the latest knowledge. Moreover, institutions are also ranked based on the employability rate of their students (Kärkkäinen 2017, 20-21). These factors affect global recognition of both country's governance and education.

2.5 Barriers for foreign students entering the Finnish labour market

By comparing employability of the whole proportion of graduates and the employability of foreign graduates in Finland, it is understandable that there are barriers for foreign students to enter the labour market in Finland. Most of these barriers are set by businesses and government. (Shofiullah 2017.) Generally, highly required skills are communication, quick learning, team working, problem-solving, creativity and innovation. As well as previous work experience and mastering a specific field, or general knowledge in different fields and disciplines. In addition, ability to move, flexibility, cross-cultural competencies, leadership skills, computer skills, analytical skills and language skills. (Cai et al. 2012; Donchenko 2018.)

Many recruiters have emphasized attitude as a determinant factor in defining whether a person is hired or not. This means showing “ambition, motivation, energy and evidence of being an achiever” (Cai et al. 2012, 88). Managers hiring in Häme region believe that Finnish education should teach foreign students the cultural knowledge that would facilitate the dialogue with a Finnish employer and set the right expectations towards work and colleagues. Employers also ask for more management and competition skills, as well as participation to projects and school activities. (Donchenko 2018, 25.)

From the point of view of graduates, the lack of training in soft and transversal skills is one of the biggest weaknesses of Finnish education in meeting the expectations of the labour market (Cai et al. 2012). For international graduates, the major difficulties for finding a job after completion of their studies in Finland are the lack of Finnish and Swedish skills, lack of networking and lack of working experience (CIMO 2014b). Furthermore, stereotypes, cultural differences and overall unemployment level might affect the employability (Donchenko 2018).

From the literature, it is possible to understand that there is a gap in communication: information delivered and values perceived do not always match between Finnish employers and international graduates. When it is about the expertise needed at work, international graduates consider their skills higher than what is required. They claim how difficult it is to showcase their capabilities for the first time. However, the employers perceive that international graduates are not as skilled as the graduates that have studied and gained experience in Finland (Cai et al. 2012, 82).

Pointing at international graduates, of course, is not the only solution to the problem of shortages of skilled workforce but implementing the standards of employability and opening to foreign labour force will help contain the negative effects carried with ageing

population. Providing companies of international expertise would mean expanding international networks, advancing in innovation and productivity and develop growth strategies. (Boswell & Geddes 2011, 83.) The positive factor of international graduates in Finland is that they are already familiar with language, culture and working life, moreover, Finnish education provides international students the knowledge of both Finnish and international markets. (Cai et al. 2012, 13.) On the other hand, it is not obvious that international graduates want to stay in Finland, since the competition among the western countries for attracting highly skilled workforce is rising (European Migration Network 2018), it is important to help graduates feel engaged in Finland, and not let them emigrate somewhere else (Cai et al. 2012).

2.5.1 Language

Assumed that the role of language is fundamental in the process of integration and employability of any foreigner in a new country, it is necessary to understand the risks and remedies when language becomes a barrier. In a study conducted by McHugh and Challinor (2011), a foreigner, able to speak the language of the host country, has an increase in the opportunities for highly skilled occupations, and higher earnings. With higher incomes, foreigners have better chance of integrating in the host country. Moreover, language competencies are a break against overeducation. Language lets students to improve their networks: lack of contacts, in fact, means reduced possibilities to find a placement (CIMO 2014b). Language allows communication, exchange of information and clarification. In a society, it facilitates cooperation and engagement, while, in a working environment, it allows the connection among colleagues and helps with learning and avoiding mistakes and miscommunication (Donchenko 2018).

There are different aspects affecting the learning process of a language. The age and the time spent in a foreign country can play a major role in this. Younger people tend to learn the language faster and better than older people. Fundamental for learning is, in any case, the exposition to it. So, for increasing the chances of apprehending the language, practising and listening are the core. Political climate in a country and attitude of its inhabitants have important weight on these processes. In fact, in countries where anti-immigration policies are strong, foreigners are poorly integrated and have lower language proficiencies. (Van Tubergen 2006; Mutuku 2017.) Foreigners in Finland claim that events, advertisements, job offers, internship opportunities are mostly promoted in Finnish language, thus leading to foreigners feeling intentionally left out of the society (Kärkkäinen 2017, 66).

For McHugh and Challinor (2011) the content of foreign language courses provided by schools is not related to occupation and employment, failing at preparing students for

interactions needed at work. More difficulties incur when classes are constituted by students with different levels of proficiency. The same gaps are reported by Kärkkäinen (2017, 71) and Donchenko (2018), who observed how the struggles for international graduates in finding a placement in Finland are correlated to insufficient proficiency in working life Finnish. Knowledge of Finnish allows internal communication in a company and it reduces the stress levels among the employees. Moreover, language improves safety at work, it allows customer service, and, it speeds up all the bureaucratic processes when most of the documentation and regulations are handled in Finnish.

Language courses offered by TE Toimisto to immigrant students and graduates are not available unless they have graduated and are unemployed (TE-palvelut 2019). Promoting language courses to everybody, regardless of their employment and study conditions, would incentivize integration and employment, and help foreign students reach objectives that cannot be undertaken by schools. Finnish language should be studied more intensively, and the teaching should also be based on the practice. (Mutuku 2017.)

When companies start their recruiting processes, job seekers do not understand clearly what specific level is needed when Finnish language skills are required. The adjectives “poor”, “good”, “satisfactory”, “fluent”, or “excellent” are very common in the job advertisements, but these cannot be considered consistent with the grading scales adopted internationally. Also, the Finnish National Board of Education (2011) defines the proficiency level scale following the directives of the Common European Framework (CEFR). This is an empirical scale that should be used by any employer and institution to enhance meritocracy, to clarify any language obstacle, and to avoid misconceptions related to discrimination because of language. It is important to underline that recruiters are not the officers responsible for defining the level of proficiency of job applicants. This is a matter that should be regulated by authorities. (Koivunen, Ylöstalo & Otonkorpi-Lehtoranta 2015; Mutuku 2017.)

Of course, determinants for employability cannot be standardized, since each recruiter has different strategies and criteria for the eligibility of the right applicant. Yet, it is important, and necessary, to overpass the belief that language is a constraint, instead of a profitable challenge. Hiring managers from Helsinki region, for example, believe that Finnish cannot be an obstacle for foreigners to get a job (Donchenko 2018). This concept is well affirmed in the international areas, but for the rest of the country, Finnish and Swedish languages are still the most important skills determining the employability of international graduates (CIMO 2014b).

In the past 20 years, the number of immigrants in Finland has been increasing. Nowadays, there are more than 150 foreign languages spoken in the country (Institute of the Languages of Finland 2019). Figure 9 outlines, in 2017, the proportion of non-Finnish speakers were 7% of the total population. The people speaking indigenous languages (Finnish, Swedish and Sami) went down by 9,499 persons, while 19,332 people enlarged the group of foreign-language speakers. (Statistics Finland 2018b.) If in the 80's Finnish speakers were the 93.5% of the total population, at the end of 2018 they were the 87.6% (Statistics Finland 2019h). Hence, English should be considered just as important as Finnish (Donchenko 2018).

Change in the population by native language in 1981 to 2018

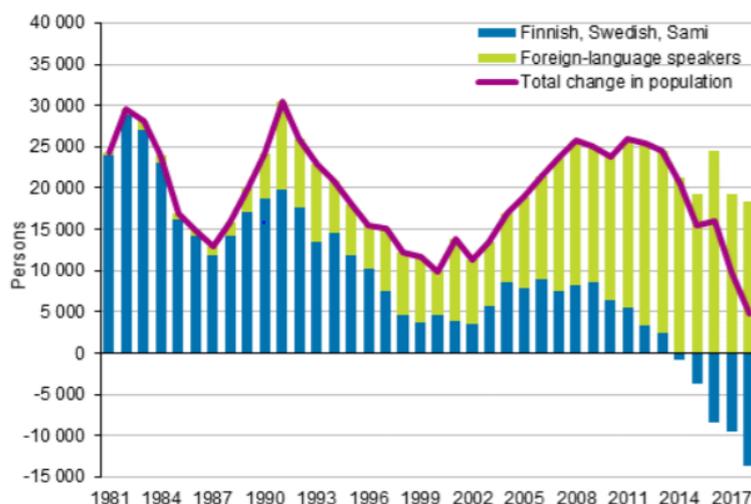


Figure 9 Change in the population by native language in 1981 to 2018 (Statistics Finland 2019h)

By looking at the inflow of people to Finland, it becomes necessary to promote the integration of foreigners and the acceptance of diversity in this country. Allowing foreigners to assimilate to the Finnish culture, would facilitate their learning process of Finnish language and would prevent the language from deteriorating in the long-term. Students, for instance, show an active interest in learning the language, but their success and willingness are heavily determined by the perspectives of the future. (Mäkelä & Posti 2018.) According to Kärkkäinen (2017, 23), a strategy to promote employability of foreigners is by using their own language skills and knowledge to help local businesses expand internationally and, at the same time, allow their participation and engagement in the Finnish working life, to ease and motivate them to learn domestic languages.

2.5.2 Working experience

According to Eurostat (2016) during the recent years, working while studying became more popular in Europe, and in Finland it is a success (Figure 10). The statistics affirm also that graduates' employability is higher if they have worked during their studies.

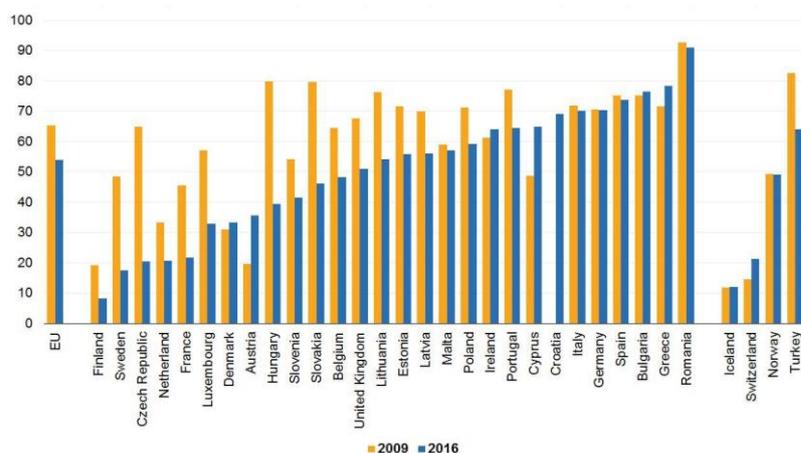


Figure 10 People aged 15-34 who did not work while studying for their highest qualification, 2009 and 2016 (% of people aged 15-34 who had completed any formal education) (Eurostat 2016)

In 2016, 16% of the people employed in EU, aged between 15 and 34 years of age, claimed a mismatch between their profession and their level of education. This incongruence, better defined as overqualification, is the lowest in the Netherlands and Germany (both at a rate of 6%). (Eurostat 2016.) Figure 11 shows that Finland has positive records when compared to the average European levels. Still, there is room for improvement. Studying the cases of the Netherlands and Germany, for example, can help better the strategies against job mismatch, by not just aiming at keeping high the proportion of employed people but also pointing at consenting higher standards of employment for them.

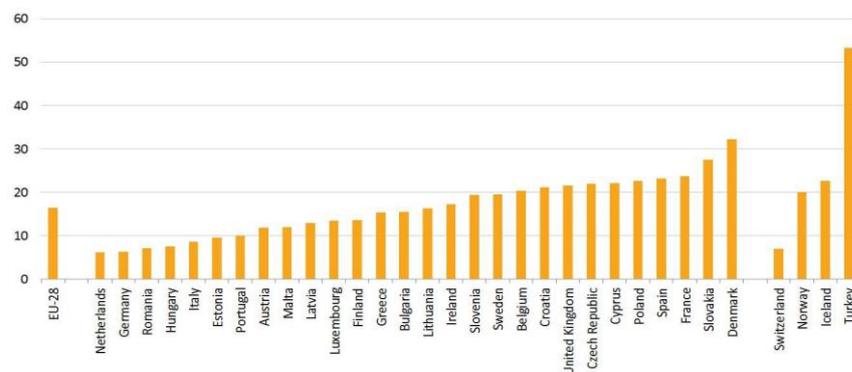


Figure 11 Education/job mismatch by country, 2016 (% of total employed persons) (Eurostat 2016)

Temporary and part-time employment can allow labour participation but, at the same time, can be a trap into underemployment. In this perspective, the most fragile groups are young and migrants. As a demonstration of this, Eurostat recorded that young non-Europeans had the highest level of temporary employment over seven years (from 36.1% in 2007 to 31.7% in 2013). (Eurostat 2014.)

For foreign students in Finland, internships can increase the possibility of finding a satisfying placement after graduation (Cai et al. 2012, 89). Studies show that the lack of working experience gained during the studies has effects on the employment opportunities after graduation. In fact, a practical training in Finland is highly appreciated by Finnish employers, since it shows that the international graduate is able to work in a Finnish company and understands the local working habits. Unfortunately, from a research conducted by Malik (2016), the major part of foreign students interviewed (82%) did not find a placement for internship or training in Finland. A negative record if compared to the trend for the total volume of students, as reported by Eurostat in the same year. When Finnish employers are meeting two applicants with the same exact skills and qualifications, one of which is Finnish and the other is foreigner, the employers will prefer to hire the Finnish applicant. This decision is heavily influenced by the aspect of uncertainty in hiring people from different backgrounds. (Statistics Finland 2013; Donchenko 2018.)

If international graduates want to stay in Finland, they tend to lower their career ambitions or accept jobs unrelated to their education subjects and qualifications. In other cases, they will continue their studies with the hope of finding a better placement afterwards (Cai et al. 2012, 91). Companies and organizations are still not taking seriously the need of creating employment in order to support the country's economy. If companies do not take steps in this way the results might be catastrophic for everybody. (Donchenko 2018.)

For foreign students gaining working experience in Finland, universities and schools play a decisive role. Yet, students claim a lack of career guidance from their schools. This gap can be fulfilled by developing projects, promoting entrepreneurship, innovation labs, business incubators and accelerators. Matchmaking events could be organized to bring students and companies together. (Malik 2016.)

LAMK and HAMK try to connect companies and students by promoting events and study fairs (Appendix 1). It is important also to understand how effective these plans are, in meeting the needs of foreign students in their relations with companies of Häme. Schools should reinforce their connection with local businesses, strengthening their presence in their territory and promoting social responsibility. Involving companies in developing projects could help students gain working experience and even create new employment

opportunities. Thesis projects, internships and trainings would help students develop their own networks. Through personal relations, foreign students get more chances of demonstrating their skills and practice Finnish language. Besides, these opportunities become tools, for employers, to gain confidence in involving international graduates in their business operations. (Cai et al. 2012; Eurostat 2014; Eurostat 2016; Malik 2016; Kärkkäinen 2017; Mutuku 2017; Donchenko 2018.)

2.5.3 Residence permits for non-Europeans

As understood, country of origin has important effects on the employability of international graduates in Finland (Kärkkäinen 2017). However, the employability of foreign-born graduates is not only related to language, work experience or uncertainty (Statistics Finland 2013). When the students graduate, if they want to stay in Finland for work, they need a new residence permit. As a paradox, this reveals to be a further challenge for their integration in the country and a break to the confidence of employers in hiring non-European citizens.

Non-EU/EEA students are allowed to stay for two years in Finland for their studies, after which they can ask for an extension of their permit. During the time period of validity of the permit, students must demonstrate that they have means for living and enough funds to pay their tuition fees. Students must have at least 560 EUR monthly at their disposal and have their own private insurance covering medical and pharmaceutical expenses. (MIGRI 2019.) Once they graduate, students need to find a job or start a company, if they want to stay in the country. But, in this case, they will lose the possibility of taking part in integration courses and other forms of support available to those receiving a residence permit on other grounds (Kärkkäinen 2017, 77-78). The residence permit based on studies, allows non-EU/EEA citizens to work in Finland if the employment is related to their field of studies. MIGRI (2019) includes thesis works and practical training in this subject. The only restriction is that the students are not allowed to work more than 25 hours per week (on the average) during the academic year. Anyway, there is no limitation regarding working time during summer holidays. (MIGRI 2019.)

If a non-European citizen has completed the studies in Finland and wants to stay longer for working reasons, a one-year extended permit to look for work, or to start a new business, is obtained through an application process that takes from four to eight months at a cost of 190 EUR. The person that wants to apply to this typology of residence permit, must provide the authorities of a valid passport (copies and photos), the employment contract or the job offer, with a confirmation from the employer that the applicant will be hired afterwards. Extra requirements are a valid residence permit for studies, and qualification

certificate or degree obtained with completion of the studies. The income requirement is the same as for the residence permit based on studies, and a certification of income should be provided as well. It is important that non-EU citizens apply for the extension of residence permit before the last one has expired; a second extension can be granted up to four years. Work-based residence permits are accepted only if the employment contract is in line with the collective agreements of the working sector. Or, generally, according to the terms and conditions that are applied to similar jobs in the Finnish labour market. (MI-GRI 2019.) As a matter of fact, it is important to note, that in Germany the procedure for a work-based permit is from one to three months since the very first day the application is delivered to the authorities (Germany VISA 2019). In the Netherlands, the application procedure might take between three to six months when it is received by the authorities and depending on the type of application (IND 2019).

By comparing Finnish and other European realities, residence permit processes in Finland are slow and often they protract longer than what is officially informed, sometimes even disregarding the human rights. In this case, people that are waiting for a decision on extension of a residence permit cannot leave the country, they cannot be employed, they do not have access to public services, and they cannot sign long-term housing contracts. These barriers place the immigrants in a dangerous position since it does not allow their integration and active participation in the civil society, and they risk becoming a drain for the economy, instead of an asset. Hence, the processing time should be reduced, and people must be protected. Since applicants are left in their uncertainty, they cannot plan anything for their future, nor can they expect to receive scheduled information about when they will receive a response for their residence permit application. (Vehaskari 2010; Siivonen 2015.) Nevertheless, entry-level jobs are usually fixed-terms contracts that do not help to reinforce or facilitate the application procedure (Cai et al. 2012, 13).

The permit grant in Finland is given by three different authorities: Finnish police, immigration service, and public employment and business services (TE services). Decisions on employment-based residence permits are especially determined by labour availability. Now it is easier for authorities to measure the number of unemployed job seekers, or to list the professions available, and use these values for the final decisions. In 2014 the law of granting a work permit for non-EU citizens has been implemented, with more legal rights given to them, e.g. giving the priority on the application procedure if they already reside in Finland. (Boxberg & Teivanen 2015; Siivonen 2015, 13-14.) Anyway, data in this matter are collected by different authorities, with different approaches and methods, which bring different outcomes (European Migration Network 2018). This inconsistency results in lack of reliability. It does not ensure justice and does not allow the implementations of

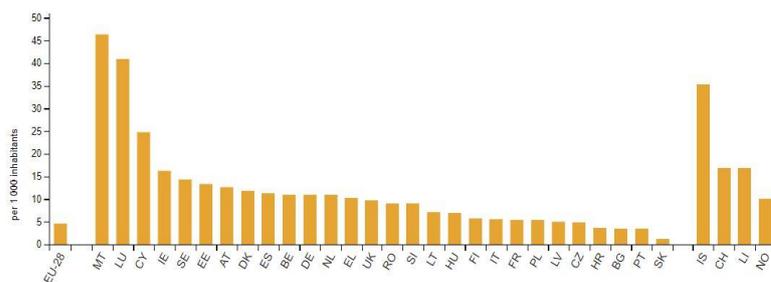
sustainable strategies. Because of these constraints, many employers decide deliberately not to hire non-EU citizens, since they cannot take the risk of uncertainty that the process carries with it, along with duration of the application time. Generally, employers need an immediate availability and they cannot wait months because of application processes. (Boxberg & Teivanen 2015.) Luckily, changes have started in the Uusimaa region from 2015, allowing non-EU citizens, who graduated in Europe, to stay in Finland for 12 months after graduation in order to find a job. Nowadays the law is applied to the whole country. (Kärkkäinen 2017, 37.)

If foreigners cannot find a right work placement in Finland there is the risk of a grey market growth, along with overeducation, affecting negatively on the whole domestic labour market. In the long-term, this would create a threat even for the Finnish workers, creating distortions in the employability and in the qualifications needed for specific jobs. These are all factors that, if undertaken, can drive to extremism, threats and, generally, malcontent among the whole population. (Ministry of the Interior 2019.) The risk is that non-EU citizens that do not want to leave the country will deliberately try to be outcasted and expect to be excluded from the system. Their vulnerable position puts them at a huge risk of becoming victims of manipulation, and marginalization would make them more inclined in taking part in criminal activities. (Kärkkäinen 2017, 45.)

2.6 Migration

In agreement with the previous arguments, human capital is one of the main sources for growth. Thus, ensuring supply and employment of highly skilled professionals would determine prosperity. Competition is increasing among those European countries that are pointing at attracting highly skilled workforce from outside EU (Kärkkäinen 2017, 61; European Migration Network 2018). Winning this international competition is not only about being open to migration but also being able to recognise and reward skilled migrants with employment policies (Syrkänen & Stenberg 2017; OECD 2018). Finnish policymakers and public institutions are looking for solutions to reward international professionals, but it is important to consider also the attitudes and behaviour of Finnish population.

Figure 12 shows that Finland appeals a relatively high number of migrants, in fact is among the top countries able to attract talents from abroad. The rankings consider environment and employment levels. Anyway, there is not enough detailed information regarding migrant conditions on employability. (Siivonen 2015; OECD 2018; Lanvin & Monteiro 2019; Eurostat 2019.)



Germany: break in series and estimate; Romania: estimate; Poland: provisional and estimate; and Portugal: estimate.

Figure 12 Migration and migrant population in Europe statistics 2017 (Eurostat 2019)

Compared to the international scale, migrant population in Finland is considered small, but diverse. So, it is important to ensure flexible and dynamic integration services, keeping the costs at a minimum. For Finland, understanding the importance of integration policies for immigrants would mean reducing the risk that a part of them would become inactive, which then would mean a drain on the whole economy. Moreover, taking care of inclusion of foreign people would avoid the picture that Finland is not able to exploit the productive potential of migrants. (Siivonen 2015; OECD 2018.)

Since 1994 immigration to Finland has increased, ensuring the country a relative growth in population, compensating the side effects of emigration (Angerstorfer 2015, 19; Statistics Finland 2018a). According to the Finnish Business and Policy Forum, it is since 2000 that Finns have softened their approach towards migration (Kärkkäinen 2017, 57). Yet, the population seems to be divided between who is against immigration and who is in favour. It has been found that the attitude towards migration changes according to country of origin of migrants. Europeans, Northern Americans and Asians are more accepted than citizens from Middle East or Africa. Furthermore, Finns are more open towards study or work-based immigration, and less intended to welcome refugees and asylum seekers. (Yle 2019.)

Contrasts are seen among different areas. There are locations where foreigners are absent and Finnish people are hostile to diversity and even adopt xenophobic attitudes (Heikkilä & Järvinen 2003, 109; Kärkkäinen 2017, 57). People that approve anti-immigration policies are usually living in rural areas, and they are also less educated, or unemployed. These provincial areas are the most affected by ageing population and by the difficulties in attracting young people. (Heikkilä & Järvinen 2003; Heikkilä, Kostainen, Leinonen & Söderling 2015, 88; Yle 2019.) Finnish youths, in fact, are more oriented towards multicultural cities like Helsinki, where employment prospects are higher (OECD 2018). And, people from international regions, and generally people with higher educational background, are keener towards immigration (Yle 2019). Figure 13 shows a graphical

representation of the phenomena just described, it shows how the population has increased or diminished at regional level. The regions of Päijät-Häme and Kanta-Häme, for instance, have seen a decrease in the population over the years. (Statistics Finland 2018b; Statistics Finland 2019h.)

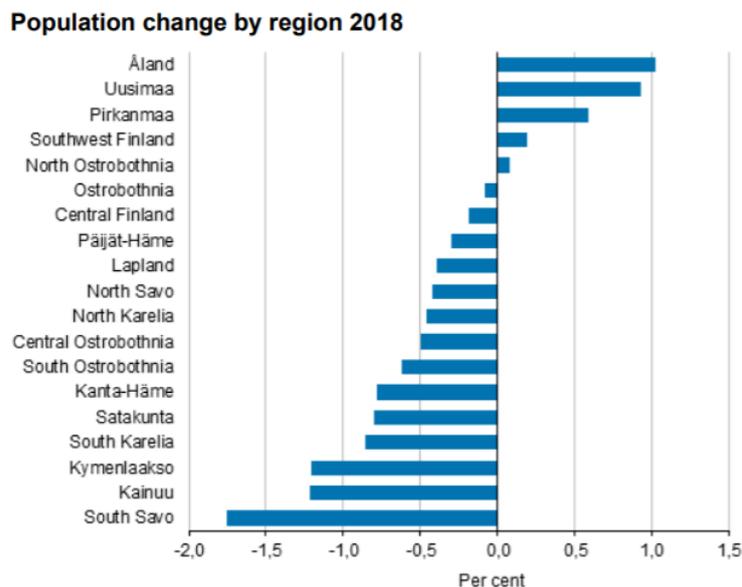


Figure 13 Population change by region 2018 (Statistics Finland 2019h)

In 2017 the share of foreign citizens in Häme region was below the national average of 4.7%. It is important to understand the potential of this area and, at the same time, the influence of the neighbour regions Uusimaa (Helsinki and neighbour cities) and Pirkanmaa (Tampere and neighbour cities) (Statistics Finland 2018b). In such dynamic and global-oriented regions, migrants are integrated, accepted and seen as a resource. Because of international competition, international networks in Finland are assuming higher values. According to Malik (2016), one-fourth of the migrants' population in Finland is represented by foreign students. Hence, it becomes interesting to understand the level of employability of international graduates in Häme. This will help to create a picture of how effective universities are in filling the needs of local businesses, how businesses engage with foreign workers and how hiring managers recognize skills gained overseas.

3 HIGHER EDUCATION

Finnish education is publicly funded by the State. The public fund is shared among the universities of applied sciences according to the decision of the Ministry of Education and Culture. Such decision is based on education (74%), R&D (15%) and strategic development (6%). The amount of the funding is decided according to profitability, quality, effectiveness and internationalisation of the institution, on the completed degrees and credits obtained by the students each year and by the regional influence, hence, the relation with local businesses. (Eurydice 2018.) The literacy levels of the country and the investment in high-level competencies demonstrate that Finland counts on the higher education of its inhabitants to support the welfare state. Therefore, by being connected with the business life and labour market, Finnish higher education promotes national development. (Vuori 2015.) Promoting Finnish international education abroad has been one of the governmental strategies against sectoral shortages and market limitations. As a result, nowadays the number of foreign students in higher education in Finland is higher than the average of other OECD countries. (CIMO 2018b.) Promoting education means ensuring long-term satisfaction to the students, which is only possible by understanding market and students' needs.

The main goal of universities of applied sciences (UASs) is to prepare professionals, to promote education, research and regional development. UASs offer bachelor and master level studies, whether in Finnish or English, which include basic studies, professional studies, elective studies, practical training and final thesis. (Studyinfo 2019.) The two higher education institutions of Häme region are the universities of applied sciences LAMK, located in the city of Lahti (Päijät-Häme) and HAMK, situated in Hämeenlinna (Kanta-Häme). Both promote international education abroad, participating at study fairs aimed at advertising English taught programs and recruiting foreign students. Moreover, LAMK belongs, together with other Finnish UASs, to the LUT group and FINNIPS network, which aim at promoting UASs abroad. (Appendix 1.) FINNIPS is the Finnish Network for International Programmes. It is a cooperation network of thirteen Finnish UASs able to arrange entrance examinations outside Finland (FINNIPS 2019.) LAMK and HAMK carry out their marketing and promotion in target countries such as Russia, China, Vietnam, and India. Both the institutions choose their target markets according to, for example, marketing analysis data, previous intakes and application indicators, international activities in the target countries (e.g. education services, cooperation projects, students' mobility, etc.). (Appendix 1.) Therefore, these institutions emphasize their cooperation with local businesses, industry and service sectors (Studyinfo 2019). Among their strategies, HAMK promotes competencies and skills obtained with the studies, the possibility of

networking with local entrepreneurs and employability prospects. LAMK also explains the conditions of employability, since questions in this matter are very common. (Appendix 1.) Higher educational institutions promote the possibility of “customising” the studies with their diverse and wide learning opportunities, the possibility of great career paths and professional development both on local and global scale (Ahola & Hoffman 2012, 301). Finland has approached this methodology with great success, making internationalisation part of the long-term strategy aiming at economic growth (Malik 2016). In the Table 1 are listed the 7 P’s of the Marketing Mix model for both LAMK and HAMK that help clarify the positioning of Häme UASs in the context of international education.

Table 1 Häme UASs Marketing Mix

Product	Education, research, regional development, exchange programs, facilities, sports, libraries, events, scholarships, international programs, qualifications. LAMK: business, nursing, urban sustainability (English taught) HAMK: business and engineering (English taught)
Price	Finnish and EU-citizens Tuition-free. Non-EU citizens: LAMK: 5,400€ for bachelor’ studies, 6,400€ for master’s programs for Sep 2019 (LAMK 2019c). HAMK: 8,700€ for bachelor’ studies, 9,700€ for master’s programs for Sep 2019 (HAMK 2019). Allowance, scholarships, social benefits.
Promotion	Advertising, public relations, international activities, media, internet.
Place	Häme region, personal contacts, distance learning.
People	Teachers, students, tutors, other staff and administrative personnel.
Process	Personal contact, online teaching, workshops, study fairs, compulsory and customized studies, open studies, training, internships, thesis, other projects, regional and international cooperation, student exchange, assistance and support with bureaucracy, enrolment, tutor teachers.
Physical Evidence	Facilities, classrooms, study rooms, libraries, labs, leisure and open spaces, canteen, gym and wellbeing, proof of knowledge, certificate/degree.

When comparing the content of international marketing strategy and expectations delivered to foreign students, the reality does not match the promises. It is important to remember that the quality of higher education is measured on international scale by its reputation and the career success of graduates. (Cai et al. 2012, 12.) Moreover, the global competition among higher educational institutions in attracting international talents has increased in the past decades. Students have more alternatives to choose from, for their professional development. (Mainardes, Ferreira & Tontini 2011.)

Anyway, good selection criteria when choosing Finland as a destination for studies are quality of education, recognition of both country and educational institution, costs of living, opportunities to get scholarships and bursaries, the location of studies, possibility to work during the studies, employment prospects after graduation, and eligibility to permanent residence permit in the country (CIMO 2014b; CIMO 2018a). CIMO (2016a) informs that 78% of the international students in Finland choose to join higher education studies especially to improve their employability in the country. Foreign students are profiled to be interested in working in Finland and in supporting Finnish economy and society, against the belief that they come to Finland merely to take advantage of free education, and then leave after graduation (CIMO 2016a). In 2012 more than half of international students moved away from Finland properly because of employment reasons (CIMO 2012). Still nowadays Finnish labour market is not able to take advantage of this international and highly skilled workforce. International students often feel victim of discrimination based on ethnicity, culture or religion, while lack of career guidance from schools and difficult-to-detect labour market information makes finding employment quite difficult. (CIMO 2014b.)

Education is the core for the development of the whole society. Institutions should promote cooperation between schools and businesses, improving the conditions of the labour market (CIMO 2014b). Higher education institutions must ponder their competitive advantages. They should reconsider how to implement the services and other supports that can be offered, for example, with new technologies and physical structures. In addition, they should enhance the attributes of teachers and collaborators, evaluate resources and assets, promote innovation, point at the international education, develop a shared organizational culture, and, finally, improve international reputation. (Mainardes et al. 2011, 152.)

3.1 Tuition fees

International talents are important players for Finland. Since the economy is based on knowledge and global competition, they are considered a part of the country's highly skilled human capital. (Clearly 2017.) The costs of international education include provisions, scholarships and grants, social support and other public services. But benefits for the whole economy include increased opportunities for employment, consequently increased domestic consumption and, with tax revenues and tuition fees, added value to the economy. (CIMO 2014a.)

In the past years, the government has decreased current expenditure in education to meet the long-term needs of finances and productivity (ETLA 2017). In 2017 current expenditure for UASs was 7.7% of the total expenditure in education (Statistics Finland 2019g).

By 1 August 2017, all the Finnish universities and universities of applied sciences must charge a tuition fee for incoming students from non-EU/EEA countries. These students are exempted by paying the tuition fee if they already have an EU Blue Card (Aliens Act), a continuous or permanent residence permit or a long-term resident EC residence permit. (Studyinfo 2019.) But, to counterbalance the negative impacts of cuts in research and education, policymakers are convinced that tuition fees should be charged also to Finnish and EU/EEA students (ETLA 2017).

In 2018, Finnish UASs had more students from the non-EU/EEA area, than from inside EU/EEA area. Most of the applicants were from Asia (43%), Africa (29%) with only the 23% from Europe (CIMO 2018b). In HAMK there are about 600 foreign students, the majority comes from Vietnam, Russia, Estonia, Nepal, China and Kosovo. In LAMK there are about 450 foreign students, with the main groups coming from Vietnam, China, Russia, Nepal, Kenia and Bangladesh. (Appendix 1.)

Even though the number of foreign students in Finland is still higher than the average OECD countries, since the introduction of tuition fees between 2017 and 2018, there has been a fall of 3% in the participation of non-Europeans (CIMO 2018b). LAMK and HAMK as well, have registered a small decrease in the number of applicants, but, as Figure 14 shows, the situation is slowly returning back to the previous years (Appendix 1).

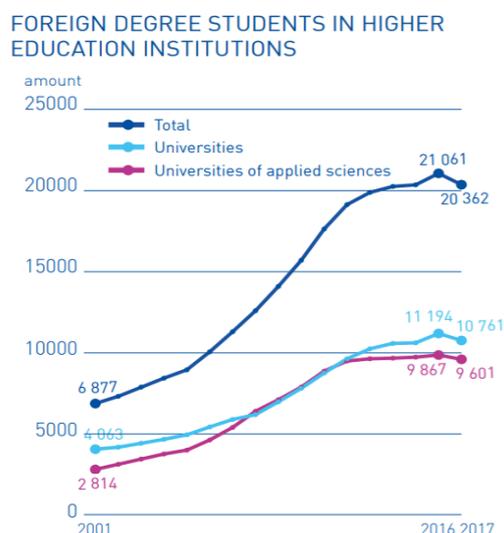


Figure 14 Number of foreign degree students in higher education institutions (CIMO 2018b)

The decision of applying tuition fees changed the position of Finnish higher education institutions in the international market, and this is a fact that must be acknowledged in order to implement new values and strategies to market the education abroad (CIMO 2018b). Finnish HEIs must prepare for the competition and challenges that will come in the future.

In fact, it is important to justify such charge with premiums, such as improved efficiency and quality of education and extended responsiveness of institutions to the needs of both labour market and international graduates (Christophe & Hyunjeong 2018, 13-14). Finnish international education is among the best in the world providing innovation, assistance, facilities and high-level teaching. Most of the international students in Finland are satisfied with learning environments, such as classrooms, libraries and virtual learning spaces. (CIMO 2018b.) But, since the evolution of technologies, new needs have come across. Students from around the globe are asking for educational market transferable knowledge and skills that can be applied at an international level. (Heinonen 2018.) If international students are consumers, instead of an investment, it is expected of them to gain buying power, as Porter (1979) describes the pressure that a consumer can put in requesting better services, higher quality, and even lower prices.

3.2 Language classes and training

It is important to examine the continuum of language learning overall levels of our education system and to ensure that the needs of teacher training are also taken into consideration in the national policies. (Ministry of Education and Culture 2017.)

Both LAMK and HAMK have plenty of Finnish courses available, supporting the learning process of students. Basic Finnish language studies are a mandatory part of the international curricula. If students want to deepen their knowledge, extra courses are available. (Appendix 1.) Yet, in matter of improving professional language skills, working-based training mixed with language practice is the core. Preparing trainings tailored to occupational needs of migrants requires skills forecasting and knowledge of both labour market and industry demands. (McHugh & Challinor 2011, 11.) Finnish higher education institutions have made the decision of increasing provisions for language trainings, but they should also focus on promoting working-related activities and alumni cooperation (CIMO 2014b; Syrjänen & Stenberg 2017).

HAMK promotes the integration of foreign students by inviting Finnish families at welcoming students in their homes, to improve the opportunities for them to learn the language and get to know local people. This project has been running for six years now and is active in different cities in Kanta-Häme. (HAMK 2018.) LAMK, instead, has welcomed a European-funded (ESF) project called OSSI 2. The project aims at improving employability and social inclusion of foreign students in Päijät-Häme, by providing them support with professional Finnish language practice. The effectiveness of the project in the future will be determined by the level of cooperation among students, local institutions, businesses and service providers. (LAMK 2019b.) As a matter of fact, to improve the efficiency of any

language program, students must integrate into the Finnish life. Students get to know people and workplaces during their training periods or internships. Intensifying the teaching of Finnish for workplace use would be profitable to encourage internships, projects or workplace-based lessons that could include students from diverse background. (McHugh & Challinor 2011; CIMO 2014b.) Even involving local families, as HAMK shows, is a sustainable and low-cost solution that could help foreign students gain the right confidence, autonomy and motivation to plan a future in Finland, giving them the chance of improving their personal network and feel engaged in this new territory.

3.3 Career services

Prospects for employability are the major determinants for international graduates to stay in Finland, but career services are the weak point of Finnish higher education system (CIMO 2016b). A third of students interviewed by CIMO (2018a) did not know where to find career services provided by their schools. Compared to other realities abroad, career services in Finland play a very marginal role in connecting international students with the working life.

LAMK and HAMK rely on the figure of tutor teachers to support professional competencies and career development of their students (Appendix 1). To withstand the competition, it is important to focus on providing better support to foreign students, by implementing solutions in favour of networking events, career counselling, internships, work placements, and other projects (Cai et al. 2012; Richardson 2014). Through career services, schools and businesses can take advantage of the international network of the students to expand the possibilities of internationalisation on a wider scale (Kinash, Crane, Judd, Knight & Dowling 2015). LAMK has developed the service LAMKDuuni which is a platform where companies can add job advertisements. With it, there is possibility of finding summer jobs, internships, temporary employment in Finland and abroad. Such working-related information is also shared through intranet. (Appendix 1.)

CIMO (2018a) reported that international students seeking advice and guidance in the labour market, are looking to work during the studies and aiming at long-term careers. Especially, they ask:

- Advice and counselling on career alternatives and paths
- Opportunities for meeting employers and building networks
- Practising interviews
- Knowledge about sources of information
- Support in producing a CV and contacting employers

- Work placements (CIMO 2018a.)

As HAMK and LAMK experiences confirm (Appendix 1), in regards to planning career services, teachers are great peers for introducing extra activities, creating international projects or involving professionals from outside the school environment. A winning plan needs flexibility and adaptability to each student, aligning demands of both industries and labour market. (Kinash et al. 2015.) This is already possible via the tutor teachers. Yet, this human capital helps improve institutions' marketing channels, boost international recognition, expand networks, upgrade the relations among employers, promote development and grant students' satisfaction, so that their presence secures financial support. Career services might even help employers in getting confidence in hiring international graduates and in guiding students with residence permit applications before and after their studies. (Cai et al. 2012, 91.)

According to Hofstede (Hofstede Insights 2019), Finland has an individualistic culture, which means there is a higher degree of independence and individualism among the population. Finnish people are more likely to take care of themselves rather than the whole community (Hofstede Insights 2019). This aspect is reflected at the educational level, where didactic activities are focused on developing the independence of students since the young age. Of course, this is a cultural aspect that affects the general tendency of asking for support or of interacting with strangers, for example. This concept is well explained by Kärkkäinen (2017, 68): in the universities, a certain level of independence is expected from each student regardless of their cultural background. This might not be considered as a problem in the eyes of school managers and staff with Finnish background, but it has noticeable negative impact on the life of the international student in Finland, from their integration in the society to the determination of their own personal identity inside the new context. In fact, as reported by Vehaskari (2010), this aspect is seen as negligence by students, who claim a lack of support by universities, from the organization of international networks to the guidance for professional development. Since most of the school activities are organized in Finnish, this creates even more distance between the two groups, Finnish and non-Finnish speaking students. (Kärkkäinen 2017, 68.)

In Germany, the institutions are responsible for the provision of career services. Students receive personal advice and get in contact with alumni and companies, facilitating the process between graduation and employment (Euroguidance 2018a). In the Netherlands, the law regulates that schools must guarantee career guidance and prepare their students for the labour market. Each institution is free of adopting the right method or using different services at the same time. The schools' career services collaborate with public sector,

municipalities, educational institutes, knowledge centres and labour market institutions. (Euroguidance 2018b.)

Finnish higher educational institutions, together with businesses and policymakers, must discuss what kind of support can be given to the students, in the interchange between studies and working life. Educational institutions have a fundamental role for business development since they prepare the professionals of the future. Local UASs know better the local area and cooperate productively with it. To win the international competition and assume a strategic positioning in the educational sector, it is important that these institutions orientate towards industry needs and focus on domestic competitive advantages.

(Mainardes et al. 2011, 149.)

3.4 Overproduction of graduates

In 2016 foreign students that were employed the most were engaged in social and health care sectors, with 72% of them employed one year after graduation, and 68% after five years (CIMO 2016a). The experience teaches how narrowed projects can be profitable and gain positive results in sectors where labour is lacking. A good example is the European funded project in partnership with LAMK, called MESH, which aims at helping migrants specialized in the nursing sector to find employment in their field (LAMK 2019a). The positive results from the nursing students are because they must know Finnish language already at the entrance examination. The major part of foreign students in this sector have lived longer in Finland, so that they already have been through the integration programs offered by TE Office, and they have a long-term residence permit or EU Blue Card, thus, they are exempted from paying the tuition fees. (Appendix 1.)

Because of the sectoral shortages of skilled labour, it would be important to focus on fields which are lacking expertise such as IT, technology, real estate and nursing. And acknowledge that students from business administration, together with social sciences, humanistic and educational subjects, find it harder to get an adequate employment after graduation. (Cai et al. 2012, 84.) The employability prospects, in such fields, is inevitably affected by language and communication skills. It is important for managers of educational institutions to study how to avoid the phenomena of overproduction of graduates in specific fields, to improve employability, and to reduce the growing feelings of dissatisfaction because of unemployment or underemployment (Cai et al. 2012, 91). These observations might help plan an effective strategy for marketing internationally the Finnish higher education. It would require a better targeting of the industries, a commitment of employers and an understanding of how to guide international graduates in getting employed in the Finnish labour market.

To be updated with the latest trends and to better organize curricula and programs, universities should keep a connection with graduates and alumni, to know their success stories and their pathways into the labour market. By understanding industry and labour trends, universities can optimize their lessons and assessments, they can analyse the transactions from schools to work and foresee the emerging opportunities. A clarification, for example, of the practical limitations for international graduates against their employability would help schools in defining better programs and effective approaches to the issue. (Kinash et al. 2015.)

4 EMPIRICAL RESEARCH AND DATA ANALYSIS

Major business opportunities in Finland are in ICT and digitalization, health and wellbeing, food production, agrotechnology, environmental technology, energy, fashion, forestry, maritime, offshore and tourism (Business Finland 2019). Finnish industrial production, from production of raw materials to investments on goods, has grown due to improved global economy, decreased costs of labour and increased export demands. The drivers of Finnish economy are international demand in manufacturing, private and public consumption and service products. (Ministry of Finance 2018b.)

Finnish economy is highly supported by export-oriented industrial production and business services. In January 2019, with a positive surplus in trade balance, the value of Finnish exports was 5.8 billion EUR, while import was about 5.3 billion EUR. The export to other EU member states increased by 16% in the last year, while export outside EU area grew just by 2%. (Tulli 2019.) The role of Europe is strategic for Finnish enterprises. Demand for imports, competition and production capacity can rise in the near future due to the European single market (Ministry of Finance 2018b, 43).

The Ministry of Economic Affairs and Employment is the first promoter of innovation and industrial policies, favouring internationalisation of Finnish businesses. For Finnish SMEs' internationalisation is the opportunity to increase their turnover. For doing so it is necessary to intensify exports of goods and services, nevertheless, to improve strategies for sustainable development and to create employment. Internationalisation enables businesses to reach new markets, new business partners, and new customers. It enables market competition by increasing the supply and diversification of goods, services, capital and investments in domestic market. (Narayanan 2015; Hakkarainen 2019.)

In Finland, the term "enterprise" is defined according to the EU directives EEC 696/93 and the regulation on Business Registers EC 177/2008. Enterprise is defined as an economic activity, overtaken by single individuals or groups of people, with a goal to create profit. At the head of an enterprise, there can be single persons, legal persons (limited liability companies, co-operative societies, saving banks, economic associations or limited partnership), public institutions or state enterprises, and housing corporations. (Statistics Finland 2019a.) The European definition for small and medium-sized enterprises (SMEs) is based on number of employees, annual turnover or balance sheet total. A small enterprise has between 10 to 49 employees, with annual turnover and balance sheet total lower than 10 million EUR. Medium-sized enterprises include between 50 to 249 paid employees, have annual turnovers below 50 million EUR and balance sheet totals lower than 43 million EUR. (Statistics Finland 2019c; United Nations 2019.)

SMEs are very important players in Finland. With the last report of Statistics Finland (2017), in 2016 there were in total 375,000 enterprises operating in the country, with 98% (350,000) being SMEs. The value of SMEs' outputs for 2016 increased, reaching 283 billion EUR, representing 51% (4.7 billion EUR) of the total gross value in Finland. Small and medium-sized businesses employed 800,000 persons at the time. (Statistics Finland 2017.)

4.1 Analysis of data

At this stage, the analysis of data aims at finding the correlation among variables. Especially, the responses to the survey are reported and examined. The survey was compiled on Microsoft Office 365 Forms and delivered through direct emailing to ninety small and medium companies, members of Häme Chamber of Commerce. With 15.6% responsiveness rate (N=14 answers), only eight responses were returned and collected on Excel spreadsheet. The aim of the survey was to collect qualitative and quantitative data supporting the purpose of the research. The survey gathered information on the internationalisation level of Häme SMEs and whether foreign workforce was present in the region or not. The first part of this analysis will follow a deductive approach. The author will discuss the results from the survey, compare them to the theories found and answer the research questions accordingly. In the second part, a Chi-square test of independence will be utilized for the inductive approach, that will allow the author to either confirm or reject the hypotheses formulated at the beginning of the research.

4.1.1 Business barometer in Häme

Häme region is in Southern Finland, with main business cities being Lahti and Hämeenlinna. In the same cities there are the two higher education institutions of the region, respectively LAMK and HAMK. Competitive advantages of this area include the accessibility and logistics since it is located between Uusimaa and Pirkanmaa regions. It is very well connected to the international airports of Helsinki-Vantaa and Tampere-Pirkkala and with direct links to Saint Petersburg, Russia. (Contact Finland 2019.)

Häme region is internationally recognised as a forerunner in industrial design and steel construction industry. It is also affirmed for bio-economy and environmental sustainability. Major industries in Häme region are mechatronics, metal industry, machine construction, infrastructure, furniture industry, food industry, wood processing, welfare technologies, textile and clothing industry and public administration. The region can boast cost-efficient business premises and industrial sites, over an active business network and skilled workforce. (Contact Finland 2019.) Such a wide and diverse environment offers different

opportunities for businesses and schools. It is possible to introduce transversal programs that would help students specialize in different fields already at bachelor level while promoting a multicultural and multidisciplinary environment. (Hyytiäinen 2019.)

SME-barometer business cycle and outlook by sub-sector

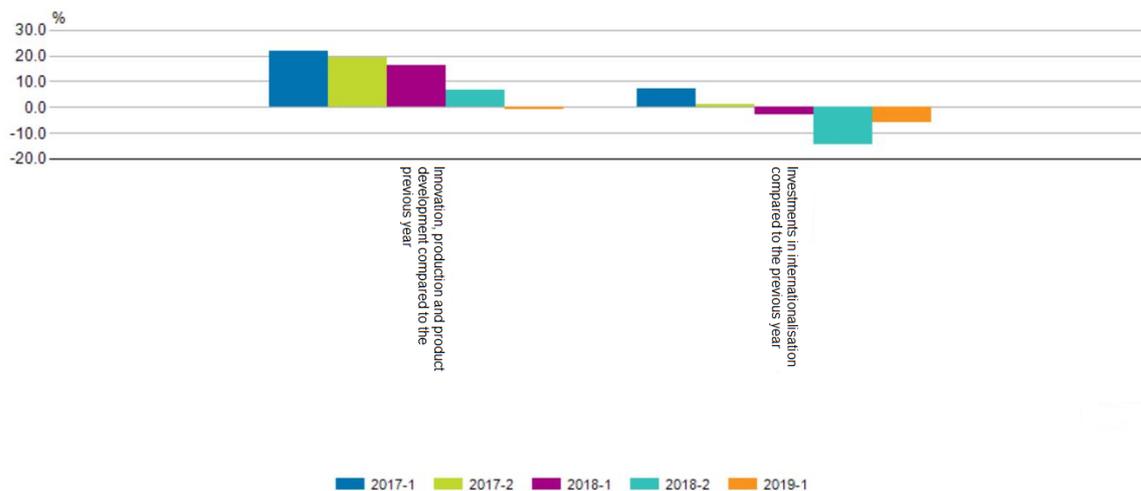


Figure 15 Business barometer. Business cycle and outlook by sub-sector. Päijät-Häme (adapted from Työ- ja elinkeinoministeriö 2019) (Appendix 2)

SME-barometer business cycle and outlook by sub-sector

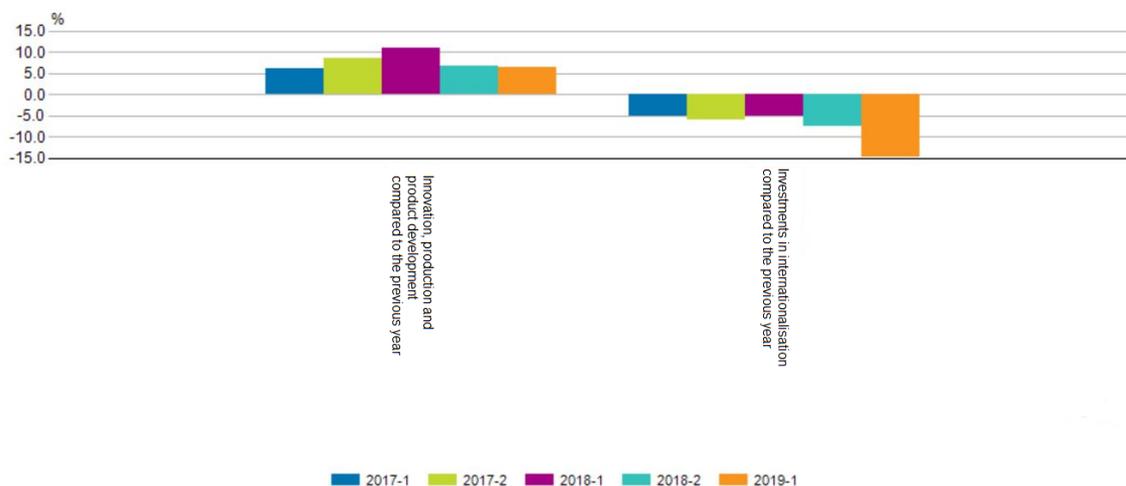


Figure 16 Business barometer. Business cycle and outlook by sub-sector. Kanta-Häme (adapted from Työ- ja elinkeinoministeriö 2019) (Appendix 3)

Figures 15 and 16 are indicators of “innovation, production and product development” and “investments in internationalisation” in Päijät-Häme and Kanta-Häme for the years 2017, 2018 and 2019. However, information about these indicators are just related to the past two years, indicating that only recently institutions and companies are giving importance to

the values of such measures. Hence, there is not deep information on a regional level of what were the conditions in the years before 2017. For the past two years, innovation was reduced in both the regions. Päijät-Häme saw a dramatic decrease from a 21.6% in the first quarter of 2017 to a 6.6% at the end of 2018. Results for Kanta-Häme were more contained and balanced: in the first quarter of 2017 innovation was 6.0%, in the beginning of 2018 the level increased to 10.9 points percentages, but then decreased to 6.6% at the end of the same year. The Figures 15 and 16 show that there are limitations for internationalisation in Häme, and it could be a direct cause of reduced investments. Especially, Päijät-Häme went from a 7.4% of investments in internationalisation in the first quarter of 2017 to a -14.3% at the end of 2018. While Kanta-Häme reduced such investments from a -5.2% in the first quarter of 2017 to -7.5% at the end of 2018. (Työ- ja elinkeinoministeriö 2019.)

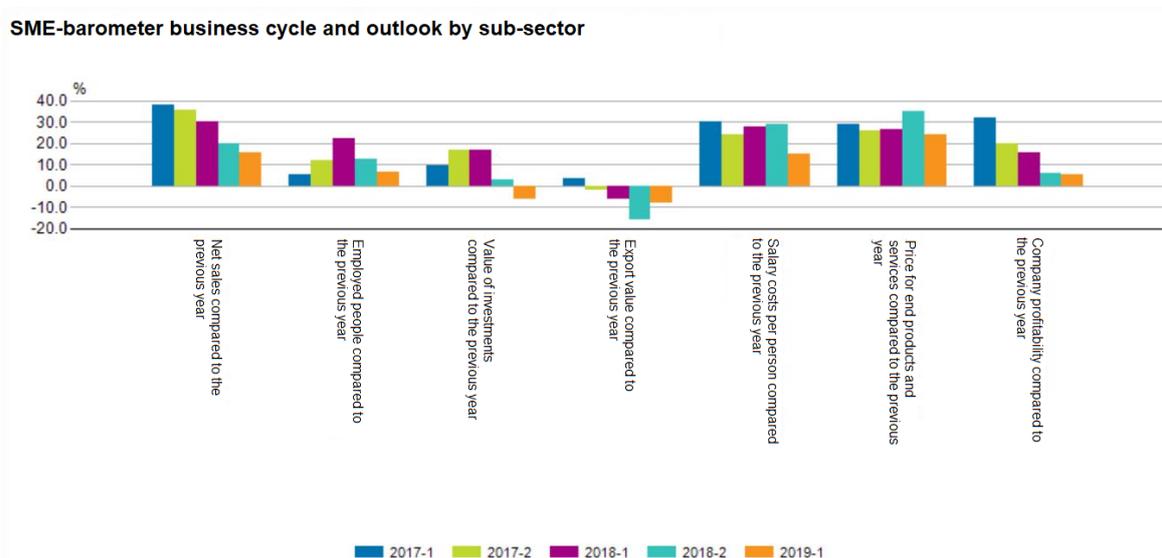


Figure 17 Business barometer. Business cycle and outlook by sub-sector. Päijät-Häme (adapted from Työ- ja elinkeinoministeriö 2019) (Appendix 4)

Figure 17 shows how annual net sales have decreased drastically in Päijät-Häme, from a balance of 38.2% in the first quarter of 2017 to 19.8% at the end of 2018. An increase in the number of employees in the first quarter of 2018, about ten points percentages higher than the previous and following quarters. Investments at the end of 2018 decreased drastically, reaching just 2.8 percentage points. Export values went from 3.4% in the first quarter of 2017 to -8.2% in the second quarter of 2018. At the same time, the salary costs per person increased, together with prices of end products and services. Therefore, negative effects weighted on the overall profitability of the companies, with balances going from a 32.1% in 2017-1 to 5.6% in 2018-2. (Työ- ja elinkeinoministeriö 2019.)

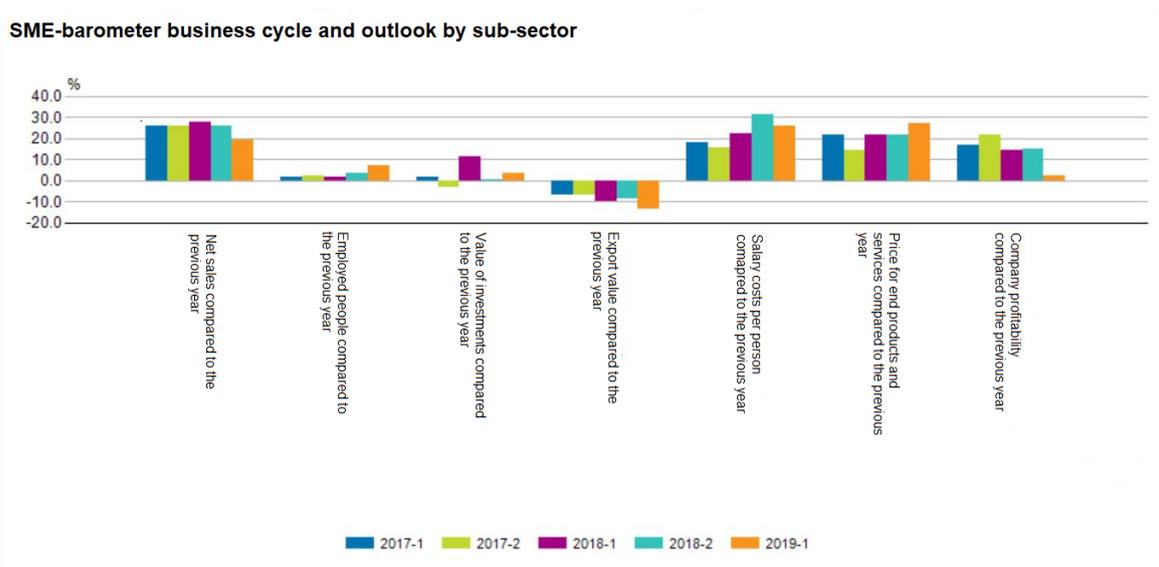
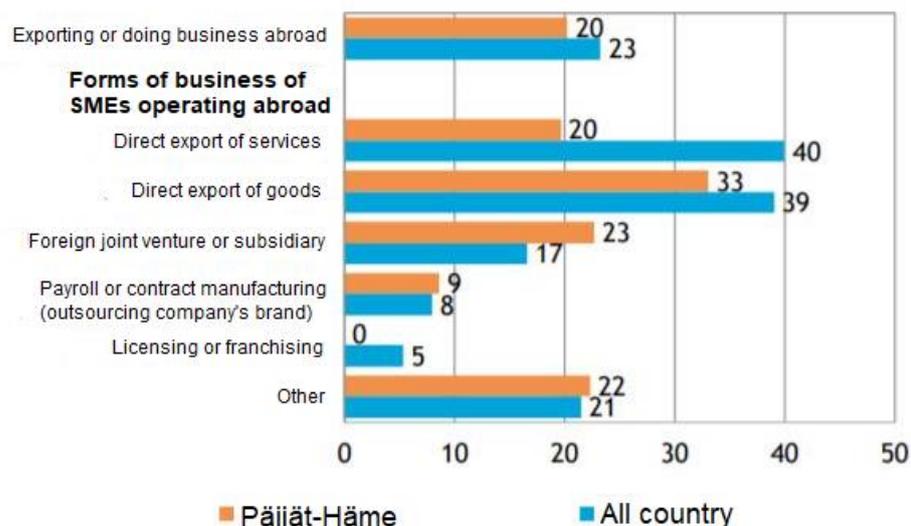


Figure 18 Business barometer. Business cycle and outlook by sub-sector. Kanta-Häme (adapted from Työ- ja elinkeinoministeriö 2019) (Appendix 5)

Figure 18 shows that even with a slight decrease recorded in the annual net sales accounts, Kanta-Häme had better results than Päijät-Häme. Here, the number of employees increased steadily, while investments rose slowly. Negative records concerned export values, from -6.7% in 2017-1 to -8.6% in 2018-2. Salary costs per person increased, together with prices of end products and services. In Kanta-Häme the overall profitability of companies was steady for the last two years. (Työ- ja elinkeinoministeriö 2019.)

What can be seen from the previous figures, is that there are difficulties for both regions to support higher net sales. Even if the national accounts show positive results, at regional level the situation is quite different. While the employment increased, also salary costs increased, affecting the overall production costs, and consequently the prices for end products. This chain effect is a potential harm for the profitability of companies since it limits the export. Higher prices for end products might provoke a reduction of domestic consumption, and eventually increase the competition from foreign markets, hence import from abroad will weight negatively on the national GDP. (Krugman et al. 2012.) In front of such conditions, and inevitably reduced investments, innovation and overall internationalisation of the Häme region are limited.

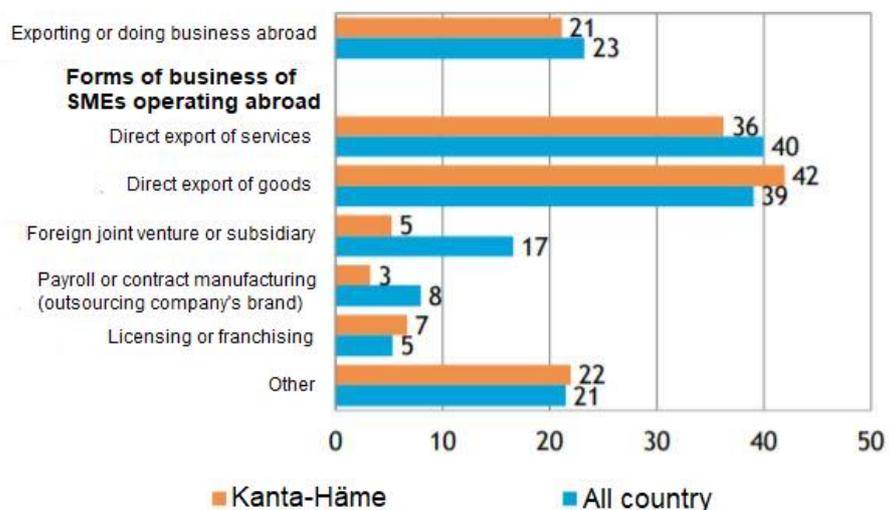
Activities of SMEs abroad, % of companies, */



*/ Respondents were able to choose among several options

Figure 19 SME activities abroad. Päijät-Häme (adapted from Yrittäjät 2019a) (Appendix 6)

Activities of SMEs abroad, % of companies, */



*/ Respondents were able to choose among several options

Figure 20 SME activities abroad. Kanta-Häme (adapted from Yrittäjät 2019b) (Appendix 7)

Figure 19 and 20 show the comparison between regional and national results in export operations and doing business abroad. Positive trends regard Päijät-Häme joint ventures and subsidiaries abroad, and Kanta-Häme's share of direct export of goods. Despite this, Päijät-Häme is lacking licensing and franchising businesses, as well as direct export of services. Kanta-Häme, instead, is missing joint ventures, and subsidiaries abroad and has

a very limited payroll or contract manufacturing (ordering products abroad with the company's brand). (Yrittäjät 2019a; Yrittäjät 2019b.)

Table 2 Year of establishment, number of employees, turnover, supply from abroad

	Year of establishment	Number of employees	Company's turnover	Of which, generated abroad (%)	Supply into domestic market from foreign affiliates
1.	1897	Between 10 and 49	6,4 MEUR	0	No
2.	1949	Between 10 and 49	7 MEUR	0	No
3.	1978	Between 10 and 49	130 MEUR	0	No
4.	1980	Between 10 and 49	5,1 MEUR	0	No
5.	1974	Between 10 and 49	4,5 MEUR	25%	Small
6.	1997	Between 10 and 49	2,5 MEUR	20%	No
7.	2012	Between 50 and 249	30 MEUR	90%	No
8.	2000	9 or less	3,4 MEUR	15%	Yes

It is now topical to discuss about the presence of international activities among the respondents to the survey. As can be seen from Table 2, participants of the survey are mainly small businesses from Häme. Half of which have answered that their turnover is completely generated in Finland. These are the companies with higher turnover and the ones that have reached the maturity, in fact, they are established before the 80's. On the contrary, respondents that had a smaller turnover, part of which are generated abroad, are younger companies established by the end of the 70's and in the new millennium. The approach of the recently established companies is a potential "born global". Of these, only 25% (N=2) have foreign affiliates supplying products and services to the domestic market, and both have part of their revenue generated abroad (15% and 25%).

4.1.2 International partners

As previously explained, internationalisation and foreign trade are essential for guaranteeing the economic growth of Finland (Hakkarainen & Palander 2019). For this instance, Finnish businesses take the advantage of a well-developed international network created by Finnish Chambers of Commerce and FinnCham. Chambers of Commerce in Finland are among the main promoters of internationalisation. Their presence is fundamental to simplifying trade. They have bargaining power in international agreements and they support investments and entrepreneurship in Finland. (Finland Chamber of Commerce 2019.)

Thus, focusing on export and internationalisation in strategically important countries would allow businesses to improve their competitiveness (Narayanan 2015). Nevertheless,

Finland has also signed bilateral agreements and treaties on scientific and technological cooperation with key partners such as Russia, India and China. Due to their relationship with authorities and public administration in these countries, Finnish businesses can establish their operations in them. (Hakkarainen & Palander 2019.) Russian Federation is one of the most influential key partners for Finland. The activities that are included in the cooperation between the two countries are related to electricity and energy efficiency, investments, innovation, shipbuilding, forest industry, oil and gas. The relations with India are important for the renewable energy sector, innovation and environment business. With China, Finland established innovation and investment cooperation that support export and internationalisation. (Hakkarainen 2019.) In addition, other emerging markets from Asia, Africa, Latin America and Middle East are becoming more and more interesting in the eyes of Finnish operations (Hakkarainen & Palander 2019). The emerging markets are very profitable export markets for Finland. Some of the least developed countries where Finland is involved in with development projects have been able to make progress. Countries such as Vietnam or Zambia, that have reached mid-income levels, became significant peers for the international operation of Finland. From delivering support-based services, now it is possible to serve a more diversified cooperation that includes education, research, investment and trade. Guided by European directives, the international activities of Finland are plenty and profitable, and they regard water services, education, food security, forestry and good governance. (Ministry of Foreign Affairs of Finland 2019.) Häme region, for its part, has established a strong and affirmed cooperation with Baltic Area and Central Europe (Hämeen Liitto 2019).

Looking at Table 3, it is possible to find a conformity with the results reported in Table 2. Especially when observing the correlation between year of establishment and operations abroad. Half of the respondents to the survey answered that they are active in less than five countries. These businesses operate in food, pharmacy, retailing and commerce and metal industries. Thirty-seven and half percent have international operations in between five and fifteen foreign countries, these businesses are established in 1997, 2000 and 2012, and their industries are furniture wholesale, tourism and technology. Finally, only one company that operates in the aggregate industry is not active in any other foreign market.

Table 3 Industry and number of countries the companies are active in

	Industry/Sector	Number of countries the company is active in
1.	Food industry/ Baking yeast	Less than 5
2.	Pharmacy	Less than 5

3.	Retailing and commerce	Less than 5
4.	Aggregate	0
5.	Industrial metal's heat treatment services and products	Less than 5
6.	Tourism	Between 5 and 15
7.	Technology	Between 5 and 15
8.	Furniture Wholesale	Between 5 and 15

Businesses of Häme region should take advantage of the international agreements and seek for guidance for implementing their business strategies and operations abroad. For example, through strategic human resource management and training of the personnel from the affiliate companies abroad, managers could get the best from the foreign expertise. Moreover, this would be the way to promote and drive study and work-based immigration from partner countries towards Finland, based on an already established professional relationship.

4.1.3 Management

To better understand the orientation to internationalisation of SMEs it is important to give a value to the role of management and its decisional power. The international experience of managers has effects on the decisional processes towards expansion and diversity at work. International expertise is keener to expand over the domestic market and shows major willingness to create and share common values within the company. Entrepreneurs that have international experience usually show a behaviour which is more innovative and dynamic, with a positive attitude towards risks and challenges. Younger age and high educational background of the entrepreneur have positive impact on internationalisation levels of SMEs. (Öhman 2014.)

Table 4 CEOs educational level and experience abroad

	What is the CEO's educational level/qualification?	Do top managers have previous experience from abroad?
1.	University of applied sciences education	Yes
2.	University education	Yes
3.	University education	Yes
4.	Basic education	No
5.	University education	No
6.	University education	Yes
7.	University of applied sciences education	Yes
8.	Basic education	Yes

Table 4 shows that the major part of the respondents have a university and university of applied sciences educational level, only two respondents have a basic education level. The 75% of them have experience abroad. Seeing the correlation between year of establishment of the enterprises and their international activities, it would be interesting to know the actual age of the entrepreneurs and managers of these businesses. Whether, also in this case, it would be possible to find out if innovation and openness towards foreign markets are more appreciated in companies with younger entrepreneurs and leaders.

According to Öhman (2014), age and education have an impact on innovation and internationalisation. Industry, language skills and country of origin of both leadership and employees of a company, instead, do not affect these aspects. Although language skills may speed up the expansion processes, it is shown that, generally, for managers of SMEs, language is not a barrier for internationalisation. (Öhman 2014.) However, in Finland, international expertise is eligible to cover administrative roles, but lack of language skills prevents them to get employed in the managing departments (Donchenko 2018). Nevertheless, non-Finnish graduates that have leadership and administrative degrees suffer of higher unemployment levels (Mutuku 2017). As a demonstration of this, Richardson (2014) reported a very marginal attendance of foreigners in the management-level of companies in the Helsinki region, as well as a presence of only 10% of foreigners employed in the Finnish companies. But the negative outcome is that domestic leadership expect that foreigners would start their careers at lower levels than what is expected from Finns with the same educational background and skill set (Richardson 2014).

Table 5 Proportion of foreign employees, department where they are employed and foreign presence in the management

	Proportion of foreign employees	If you have foreign employees, in what sectors/departments are they employed?	Number of foreigners in the management	Do you define the management as being (ERPG Model):
1.	Between 5% and 15%	Production	0	Geocentric
2.	Less than 5%	Pharmaceuticals	0	Ethnocentric
3.	None	-	0	Ethnocentric
4.	None	-	0	Ethnocentric
5.	Between 15% and 50%	Foreign employees only in foreign units.	1	Polycentric
6.	Less than 5%	Marketing & Sales	0	Geocentric
7.	Between 15% and 50%	management, R&D, sales and production	2	Polycentric
8.	None	-	0	Ethnocentric

In Table 5 it is shown that 65.2% of the respondents to the survey employed foreign people. Companies that do not have any revenue from international operations, employ foreigners mainly in the production processes. In the younger and internationalized companies, foreign expertise is employed in foreign units, marketing and sales, R&D or management. Of these only 25% (N=2) occupies between 15% and 50% of international employees. These are companies that would involve foreign expertise at their management level. Even if marginal, this result shows how international management enables hiring international expertise.

Understanding the barriers to internationalisation, and assuming the fact that language is not a constraint at the management level, it is then important to focus on implementing the business operations, starting by easing the employability of non-Finnish speakers at higher roles. For doing so, it is significant to begin to detect and endow the expertise of foreign applicants and compare the long-term returns of investing in human capital, with the short-term costs of language and other trainings for them. Overpassing these problems might even create new job opportunities, such as “language intern”, for example. With minimum and fixed costs, foreign workers would be assisted in the training process and learning the language at work. Foreign expertise provides companies innovation. They are a resource of ideas, business models, and contacts. (Vehaskari 2010.)

Seeing the limits of the Finnish domestic market, internationalisation is a strategic option for the companies. By accepting foreign workers, domestic organizations will find potential new partners and buyers from the international markets. The restricted competitiveness of the domestic market and the high labour costs will increase, otherwise, the risk that for certain industries would be more profitable to work offshore. (Krugman et al. 2012; Narayanan 2015; Malik 2016.)

EPRG model

EPRG model assumes its values according to leadership and human resource management. It shows the internationalisation strategies adopted by the organizations. (Isidor, Schwens & Kabst 2011.) By understanding e.g., inner culture, hierarchy, marketing strategy, customer orientation, the EPRG model helps define the attitude within a business. According to it, the orientation is defined as:

- *Ethnocentric*: the company results more oriented towards the domestic market, hence it focuses its operations mainly on production and sales. Foreign activities are considered only temporary. Management is composed by professionals from the domestic country and the main decisions are taken by the headquarter. Communication and company's organization are easy to manage and control. The

costs of international operations are higher with this structure, and foreign activities would require higher salaries. Often ethnocentric attitude underlines the superiority of the domestic culture over the others, and the operations are based on reaching domestic objectives. This results in low flexibility and imposition of domestic standards upon foreign markets, which has a lower efficiency. Other disadvantage can be the inability to quickly respond to the market changes.

- *Polycentric*: the company approaches separately each foreign market (country), with their own peculiarities. Managers are selected from the local markets. The management in the different countries has a restricted autonomy and does always relate to the main headquarter in the domestic market. The main goal is to reach local objectives for each local market. Nevertheless, this system can lead to averseness and inability of the leadership to control and coordinate all the foreign operations. Main goal is to increase sales; hence, the orientation is focused on penetrating the foreign markets. Usually, organizations that follow this model ask the support from local governments.
- *Regiocentric*: the company recognises and studies different foreign markets focusing on their similarities. Foreign markets that can be grouped under similar economic, political or cultural aspects, will belong to the same region. Managers are selected from the regions of interest and the regional headquarters have higher decisional power if compared to the orientations described above. The objectives focus on regional goals and follow regional standards.
- *Geocentric*: treats all the foreign markets as one, unified and global market. The company uses the global resources, but the operations might require higher costs for the management, especially with personnel, communication, logistics, training, etc. The main selecting criteria for personnel in this field is international knowledge and merit (e.g. skills, experience, results). Headquarters and subsidiaries have a strong connection and they are at the same level in the hierarchy, so this orientation assumes a collaborative strategy. With this approach it might be difficult for the company, once reached the market success, to maintain and stabilize its presence in the long-term. (Isidor et al. 2011; Drachal 2014.)

Table 5 (page 45) shows that 50% of the respondents have an ethnocentric organization, 25% of the respondents have a polycentric management, and 25% assume a geocentric orientation. Overall, these last two groups, polycentric and geocentric, are represented by younger and internationalized companies.

Table 6 shows the collection of the impressions of respondents to the sentence:

Jyri Häkämies (EK CEO) said last 20 November that “Finland must attract up to 35,000 skilled foreign workers by 2023” (Teivanen 2018). This is one of the quicker solutions to limit labour shortages and to support national public finances. Universities are promoting internationalisation, attracting one-fourth of the total migrants to Finland.

Table 6 How companies would employ foreign expertise

How is your company getting prepared for these new challenges?	
1.	We are not prepared.
2.	We do not oppose hiring people from abroad with suitable pharmacy sector education and license to work in Finland.
3.	At this moment not at all.
4.	In no way.
5.	Not all industries have shortage of skilled labour. Heatmasters has contacts with freelancers in various countries and is able to increase the manpower with foreign workforce if needed.
6.	Getting more international.
7.	Halton is a global company with 3 different business areas. Open positions will be filled according required skills.
8.	How should we?

When the companies are asked, if they are getting prepared to welcome foreign workers in order to supply to the lack of skilled workforce, 50% of them expressed that they are not prepared. Anyway, they would hire foreign workers if these workers would have knowledge about industry and related legislation in Finland. The negative responses reflect the previous findings and confirm that the approach towards this challenge is different according to the year of establishment, or if the company operates internationally. The internationalized companies, in fact, would easily hire foreigners if they would need expertise required for the specific field. Especially, companies know already that internationalisation is a solution to the problem of sectoral shortages.

Diversity Management

Diversity management originates from the United States. It has been introduced in a wide range of public and private organizations and, it became popular among the Anglo-American countries that have built their strong economies upon multiculturalism. Kandola and Fullerton define diversity management as:

The basic concept of managing diversity accepts that the workforce consists of a diverse population of people. The diversity consists of visible and non-visible differences which will include factors such as sex, age, background, race, disability,

personality and workstyle. It is founded on the premise that harnessing these differences will create a productive environment in which everyone feels valued, where their talents are being fully utilized and in which organizational goals are met. (Kandola & Fullerton 1998, 7.)

Diversity management finds its mainstay in the constantly increasing globalization and work mobility. It enables talent acquisition, productivity and efficiency, and it encourages creativity and balance between labour and management. (Trieu 2018.) Businesses must acknowledge the importance of this branch of human resource strategies. By doing so, leaders will endorse progress and economic development, support the work of the governments, and boost the international recognition of the country. Enhancing diversity management would push for regulating recruiting procedures, opening towards internationalisation, developing new training methods and allowing work-based learning of Finnish language and culture. (Shofiullah 2017.)

Finnish firms see diversity as a benefit for both companies and for workers, but they consider that foreigners are the real winners when this strategy is applied. It seems that in Finland diversity management is seen as a selling strategy for companies since it introduces new perspectives and suggests different solutions when a problem arises. For instance, due to a varied customer base, having a diverse team structure is a tool to detect different points of observation and to find diverse approaches to a specific challenge. However, diversity management in Finland is mostly applied in branding and advertising strategies. (Shofiullah 2017.)

As understood, diversity management is part of human resource strategies that requires managing people from a diverse background and different characteristics. The main purpose is to create, in the shortest time possible, a heterogeneous and sustainable working environment that supports employees and creates profit in the long-term. It promotes transparency and hinders hierarchies by involving also the employees in the strategic planning and decision-making processes. A successful diversity management needs the support of programs and training processes to involve the whole workforce and make them feel engaged and respected. Higher levels of work efficiency will create positive outputs and generate more profit in the long-term. Understanding the importance of integrating these processes in the business practices could help reduce the gaps in the operations and create a more balanced environment, beneficial for each individual. Diversity is a fundamental asset that brings economic development and operation stability to the whole company. (Armstrong 2010; Trieu 2018.)

4.1.4 Recruitment

Many Finnish employers do not have reasons or methods, or resources, to benefit from international expertise (Cai et al. 2012, 15). This explains why less internationalized companies cannot still implement their strategies to welcome foreigners at work. While larger companies do not face major problems in hiring non-Finnish speakers, for smaller companies this is still a relatively expensive challenge. (Vehaskari 2010; Heinonen 2018.) Many limitations could arise because of the inability of employers in managing language barriers, restricted timetables, if the business owner is the only leader and manager of the company, or even labour and production costs. However, by minorities, this is often perceived as discrimination.

In Finland, it is easy to find reported cases of discrimination against foreigners in the recruiting processes and at work (Statistics Finland 2013; Koivunen et al. 2015). According to the Quality of Worklife Survey (Statistics Finland 2013), such discrimination in Finland is at its highest peak when foreign women, that do not speak Finnish, are involved and that are employed in short term or part-time work. Mostly, gender, age and ethnicity are the major discriminants of foreigners in the Finnish labour market. Inequality involves communication between colleagues and supervisors, it is visible by comparing level of salaries and feedback received, as well as distribution of work shifts, training opportunities and professional development between Finnish and non-Finnish workers. (Statistics Finland 2013.)

For small businesses to hire a foreign employee often means increased stress and unbalanced conditions. The main problems are due to communication with colleagues, bosses and clients. This is the reason why, when there is the possibility of a choice, Finnish candidates will win the competition. Also, cultural differences have an impact, since Finnish employers might find it difficult to manage different work ethics and communication methods. (Vehaskari 2010.)

According to CIMO (2012) and Koskela (2013), Finns are keener to accept foreigners to work with them if they come from a culturally similar background and from countries with higher living standards. Taking the case of a job vacancy in managerial position, and two applicants both not able to speak Finnish, one from Sweden and the other from Iraq, Finnish employers will choose the Swedish candidate. This decision is mainly related to confidence and familiarity between the two cultures. (Koivunen et al. 2015.) But it is also recorded that people with names that do not sound European (especially Arabic names) have lower chances to get a job interview, than anybody else with the same skills and professional competencies (Platonova, Schuster, Desiderio, Urso & Bürkin 2013).

Table 7 compares the answers of each respondent for questions regarding the advantages of hiring foreign expertise and the disadvantages of hiring foreign students. The opinions are divided in the same proportion between those not seeing any advantages in hiring foreign expertise, and those thinking that there are advantages in including foreign expertise. Especially, the companies that think that foreign expertise would bring benefits to them, affirm that these employees can help with their knowledge about foreign markets, improving company's cross-competences, as well as communication methods and implementation of languages at work.

Table 7 Advantages of hiring foreign employees and disadvantages of hiring foreign students

	What would be the advantages of hiring foreign employees?	What do you see as being disadvantages of hiring foreign students?
1.	No advantage	No advantage
2.	Limited	Qualification often problem. Knowledge of Finnish pharmacy sector lacking. Knowledge of Finnish legislation lacking
3.	It would help other employees to learn language and also learn to discuss with foreigners	Our existing employees are not able to communicate with him or her and the other way the same thing
4.	I can't see any because all our customers are mainly Finnish-speaking, but we can hire foreign employees if they are professionals for our demands	None
5.	language, forcing others to speak English/other languages, knowledge of foreign business cultures	Many Finnish specialists have difficulties to speak foreign languages. This means the cooperation is not always working
6.	Learning the culture and the language	-
7.	Cross-cultural skills	Induction process and its implementation properly
8.	There could be many	If they don't speak any Finnish then it might be a problem for some customers.

Interestingly it is so that respondents in favour of this approach, also in this case, belong to the group of the younger and internationalized businesses. By comparing the responses, it is understandable that whether the company is internationalized or not, lack of language skills slows down the company's operations and reduces, in the overall, the business opportunities. In this case, lack of Finnish language proficiency of foreigners and lack of English language skills of Finnish employees.

Companies with limited resources often ask for support from recruiting agencies in finding the right employees for them. Recruiting agencies have the responsibility of satisfying the needs of their customers, preventing them from breaking the discrimination. However, in some occasions, companies have deliberately asked recruiting agencies to not involve people of different ethnicities in the process. When the choice is influenced by stereotypes and prejudices, the lack of language skills justifies the final decisions, even if, according to some recruiters, many foreign candidates have a stronger skill set compared to the Finns. On the other hand, there are cases of recruiting agencies hiring foreigners properly because of their lower expectations than the employers. Due to their lack of knowledge of Finnish legislation and working rights, minorities bend easily to less convenient situations without complaints, often ending up working more than what they are supposed to. In this way companies get hard workers that will be, eventually, paid less. This could be a profitable solution for the short-term, but very risky on juridical level, and dangerous for the overall recognition of the company and the long-term productivity. (Koivunen et al. 2015; Syrjänen & Stenberg 2017; Heinonen 2018.)

Understanding the influence that language proficiency has in the selection criteria of a candidate, the survey examines if there is a valid reason behind the need of Finnish language skills for performing a job. Table 8 clarifies the languages that the firms use. Nevertheless, the weekly time spent, on average, speaking a foreign language at work, the different channels of communication and the software used. Moreover, the table collects information whether companies can provide customer service in English or not, and the languages that these companies use in their websites.

Table 8 Languages spoken (hours per week), communication channels and software used at work, language used for customer relations.

	Languages at work	Usage of foreign language, hours per week	Channels for internal communication	Software used for production processes	Customer service in English	Languages of the company website
1.	Finnish English	1h - 10h	Mainly for email and mobile phone	Intouch Wonderware	Yes	Finnish
2.	Finnish	1h - 10h	Internal software	Pharmacy software provided by Receptum.	Yes	Finnish
3.	Finnish Swedish English	1h - 10h	Phone and email	Navision	Yes	Finnish
4.	Finnish	1h - 10h	Whatsapp and phone	None	Yes	Finnish

5.	Finnish English	1h - 10h	Phone, email, Skype	ERP, CAD	Yes	Polish German Finnish Swedish English Russian
6.	Chinese Finnish English Russian	11h - 25h	E-mail, Whatsapp, wechat	Citybreak, win- res, Lyyti	Yes	Chinese Finnish English Russian
7.	Finnish Swedish English	11h - 25h	e-mails, MS Teams	Microsoft Win- dows AX	Yes	English
8.	Finnish English	11h - 25h	Email, WhatsApp, Phone, WeChat etc.	Odoo	Yes	Finnish

Table 8 shows that English is the second most used language, after Finnish, in the business processes of local companies. Yet, foreign languages are used just a few times during the week period, 62.5% uses foreign languages between one to ten hours per week, while 37.5% uses foreign languages between eleven and twenty-five hours during the week. Of course, the companies more internationalized are the ones speaking foreign languages the most. The means of internal communication are usually direct calls, telecommunication platforms and messaging applications that run on computer but also on smartphone. The software used for the production processes are available in English version, which demonstrate that there is no tangible evidence that prevents non-Finnish speakers from performing a job and communicating efficiently with their colleagues. Besides, each company can provide customer service in English, which means that employers can sell products and provide customer support in English language. This shows that foreign language speaking workers can communicate with their Finnish peers and supervisors, which means also that there is the possibility of providing training in English language to domestic expertise and helping foreign employees learning Finnish language. Nevertheless, most of the websites of these companies are in Finnish. This already suggests the possibility of developing transversal projects that could require, for example, ICT, language, sales and cross-cultural skills, that could implement branding and sales strategies of the companies here involved.

Another reason why foreigners are more subjected to under-education or overeducation than native people is also because recruiters, themselves, do not have tools to screen the level of foreign certifications and diplomas. Moreover, by preferring references over qualifications, it is not given relevant importance to grades and evaluations of the degrees of

applicants, reducing the meritocracy and representing a risk for further overeducation. (Koivunen et al. 2015; Syrjänen & Stenberg 2017; Donchenko 2018.) Nevertheless, the presence of trade unions ensures a strong protection of the labour force. Employers are less willing to take the risk in the hiring process, due to the difficulty to fire inefficient personnel afterwards, if their skills do not match the actual job requirements. (Kärkkäinen 2017.)

Understanding that companies are divided between who is in favour of foreign expertise and international students and who is not, and clarified how communication is managed within these businesses, now it is interesting to see if these businesses have established any cooperation with universities of applied sciences. The following Table 9 collects the answers whether these companies collaborate with local UASs and ask the presence of foreign students.

Table 9 Cooperation with UASs

	Does your company offer internships, or take part in projects with universities of applied sciences, where also foreign students are included?
1.	No
2.	No
3.	No
4.	No
5.	Yes
6.	Yes
7.	Yes
8.	Yes

The respondents of the survey are divided in half between who has established a relationship with educational institutions and who has not (Table 9). The division is direct between the older and less internationalized enterprises and the younger and more internationalized enterprises. The second ones, in fact, take part in projects with universities of applied sciences.

As understood, differences in a team have positive outputs on the overall creativity, profitability and efficiency. Companies should try to focus on training social awareness, equality and tolerance at work. While the recruiting process should be focused on finding resources that would add value and foster progress instead of limiting the recruiting to a mere “following the rules” (Koivunen et al. 2015; Shofiullah 2017). The failure of institutions and recruiters in detecting and recognizing the skills and qualifications of foreigners, thus, the inability to transfer foreign obtained education, is creating underemployment and huge losses in the whole system. It is needed to find ways to endorse foreign education

and learn to manage foreign knowledge, in order to avoid this gap. (Syrkänen & Stenberg 2017.) This can be done, for example, by strengthening the collaboration with HEIs.

4.1.5 Labour shortages

To supply the national needs, by 2023 Finland must attract more than 35,000 highly skilled foreigners (Teivanen 2018). From the analysis of Figure 17 and Figure 18, it can be understood that in Häme there has been an increase of number of employees in the last year, a record that does not help with being aware of the claimed shortages of skilled employees. As Table 6 reports, while internationalisation and international education support companies in the phase of expansion and acquisition of international talents, respondents that do not have an international presence are not prepared for the challenges that will arise with the reduced birth rates.

Table 10 Labour shortages

Have you noticed any effect of labour shortages in your company?	
1.	yes, attitudes have changed. High motivation workers are harder to find.
2.	No.
3.	No, I have not.
4.	NO
5.	Not in our Company, but certainly with our customer industry (e.g. welders).
6.	-
7.	There are shortages of professional welders and project managers. Also, change management skills are needed more and more.
8.	No

As the Table 10 shows, in fact, there are no clear indicators of sectoral shortages among Häme's respondents. Seventy-five percent of the respondents do not notice any effect of labour shortages in their companies. Some of them underlined that the attitude at work has changed because it became difficult to find "hard workers", and over certain technical skills needed, also new management skills are now required.

The aspect of attitude changing is very topical, indeed. It would be interesting to compare the behaviour of foreigners and the one of the new generations since, with generational change, multiculturalism and social media new challenges are coming out for the employees. For Generation Z, in fact, the concept of work is changing and from being considered as a long-term commitment, nowadays, work becomes a pool for experience, fulfilment and appreciation. New entrants in the labour market seek for more fluid contracts which would allow them to interchange from one experience to the other, that would have a

higher meaning and bring the feeling of personal accomplishment, than just working for the profit of the company. (Heinonen 2018.)

Global competition, internationalisation, automation and digitization, are among the trends that are driving the adoption of new human resource strategies. Human capital and human resource management will become more and more strategic factors of success for businesses. In the projection of the future, hiring managers must consider all the international challenges and competition among companies, in becoming more agile in detecting the generational changes and attracting the best applicants to recruit on an international base. A focus should go especially on the selection of leaders and managers since their expertise shapes the future of the whole organization. (Angestorfer 2015; Heinonen 2018.)

4.1.6 Chi-Square test of independency

Here, in this sub-section the validity of the hypotheses will be proved using the Chi-Square test of independency of variables. Carrying out this test means calculating how two sets of variables have performed in the research and understanding how the two groups are related to each other. The outcomes help with the deduction of statistical information. (McHugh 2013.)

The collected data will be compared and reported in the contingency table, with the expected frequencies, keeping a degree of significance of $\alpha=0.025$, which means 2.5% possibilities of rejecting the hypothesis and 97.5% of accepting it. The hypothesis will be accepted if the value of the Chi-square is lower than the critical Chi-square.

The formula for calculating the Chi-Square is:

$$\chi^2 = \sum \frac{(O_i - E_i)^2}{E_i}$$

Where:

- O_i is the observed value,
- E_i is the expected frequency, which is calculated as follows:

$$E_{ij} = \frac{T_i \times T_j}{N}$$

Where:

- E_{ij} is the value of the expected frequency,
- T_i is the total in the i^{th} row,

- T_j is the total in the j^{th} column,
- N is the total sample size. (McHugh 2013.)

First, the hypothesis one (H1) is going to be examined. Especially, the internationalisation level of the companies is detected, by studying the correlation between company age, turnover generated from abroad, number of countries the company is active in and, finally, number of foreign workers employed.

H1: Younger companies are more internationalised and ready to welcome foreign employees in their working environment.

To test the first hypothesis, the relation between company age and turnover generated abroad in % points is tested. Table 2 reports that among the respondents to the survey, companies established after the 80's have higher turnover generated from abroad. The following test shows if this proposition is true or false.

Table 11 Contingency table

Year of establishment	Turnover (%) generated abroad					Total
	0%	15%	20%	25%	90%	
Before the 80's	3	0	0	1	0	4
From the 80's	1	1	1	0	1	4
Total	4	1	1	1	1	8

Table 12 Expected frequencies

Year of establishment	Turnover (%) generated abroad					Total
	0%	15%	20%	25%	90%	
Before the 80's	2	0.5	0.5	0.5	0.5	4
From the 80's	2	0.5	0.5	0.5	0.5	4
Total	4	1	1	1	1	8

Degrees of freedom: $Df = (r - 1)(c - 1) = (2 - 1)(5 - 1) = 4$

Where r is the number of rows, and c is the number of columns in the Tables 11 and 12. The critical χ^2 is 11.14 and $\chi^2 = 5 < 11.14$. The hypothesis that the higher the turnover generated abroad, the younger the company is, is then accepted.

Following, the analysis of the relation between the age of the companies (Table 2) and the number of countries they are active in (Table 3):

Table 13 Contingency table

Year of establishment	n. countries the company is active in			Total
	0	less than 5	between 5 and 15	
Before the 80's	0	4	0	4
From the 80's	1	0	3	4
Total	1	4	3	8

Table 14 Expected frequencies

Year of establishment	n. countries the company is active in			Total
	0	less than 5	between 5 and 15	
Before the 80's	0.5	2	1.5	4
From the 80's	0.5	2	1.5	4
Total	1	4	3	8

Degrees of freedom: $Df = (r - 1)(c - 1) = (2 - 1)(3 - 1) = 2$

The critical χ^2 is 7.38 and $\chi^2 = 8 > 7.38$. There is no relation between age of the company and number of countries where the company is active in.

Finally, it is observed the correlation between company age (Table 2) and proportion of foreign employees (Table 5). From the comparison of Tables 15 and 16, it will be observed if the group of companies born before the 80's hire more foreign employees.

Table 15 Contingency table

Year of establishment	% of foreign employees				Total
	0	less than 5%	between 5% and 15%	between 15% and 50%	
Before the 80's	1	1	1	0	3
From the 80's	2	1	0	2	5
Total	3	2	1	2	8

Table 16 Expected frequencies

Year of establishment	% of foreign employees				Total
	0	less than 5%	between 5% and 15%	between 15% and 50%	
Before the 80's	1.13	0.75	0.37	0.75	3
From the 80's	1.87	1.25	0.63	1.25	5
Total	3	2	1	2	8

Degrees of freedom: $Df = (r - 1)(c - 1) = (2 - 1)(4 - 1) = 3$

The critical χ^2 is 9.35 and $\chi^2 = 3.02 < 9.35$. It can be affirmed that the respondents born by the 80's and after employ higher proportion of foreign labour.

From this first analysis, it can be assumed that younger companies, even if they are active in less countries, generate higher turnover abroad and have higher proportion of foreign employees compared to the companies born before the 80's. Therefore, the hypothesis H1 can be accepted.

The second hypothesis (H2) of the study is examined next. It is studied if a business that has a higher number of foreign employees, provides also more employment opportunities for foreign managers in the same company.

H2: The presence of foreign-born expertise in the management of Häme SMEs is still quite low. When firms hire foreign managers, they employ more foreigners than the ethnocentric companies.

Table 5 shows that only two respondents hire foreigners in the management of their companies, which is 25% of the answers to the survey. This data is relatively high for such small population analysed. Hence, it does not show if there is a low presence of foreign-born expertise in the management of Häme SMEs. Hence, in this final test of independence, it will be investigated if it is true or false, that where foreign managers are present, the company is open to a more diverse workforce.

Table 17 Contingency table

Presence of foreign managers	% of foreign employees				Total
	0	less than 5%	between 5% and 15%	between 15% and 50%	
Yes	0	0	0	2	2
No	3	2	1	0	6
Total	3	2	1	2	8

Table 18 Expected frequencies

Presence of foreign managers	% of foreign employees				Total
	0	less than 5%	between 5% and 15%	between 15% and 50%	
Yes	0.75	0.5	0.25	0.5	2
No	2.25	1.5	0.75	1.5	6
Total	3	2	1	2	8

Degrees of freedom: $Df = (r - 1)(c - 1) = (2 - 1)(4 - 1) = 3$

The critical χ^2 is 9.35 and $\chi^2 = 8 < 9.35$, which means that the hypothesis H2, that a foreign management in Häme SMEs allows more foreigners to be employed in the same company, is then accepted.

Overall, a generational change in the firms' organization was noted. Companies founded from 80's have higher turnover generated abroad even if their turnover is not as high as for the group of firms established before the 80's. They have established a polycentric or geocentric approach to their business. Therefore, they are more internationalized and show readiness to hire workforce from abroad, if they need to. The companies that employ the higher proportion of foreign workforce, engage also foreign expertise in their management.

5 DEVELOPMENT PLAN

In this chapter, the author suggests a development plan based on the findings of this study. The research aimed to detect the risks and suggest solutions to the diminishing of the working-age population and the slow, but constant growth of inactive population. As a matter of fact, by 2070, the proportion of people aged over 64-year-old will represent the 9% of the whole population. (Statistic Finland 2018c; Statistic Finland 2019d.) Therefore, it will become difficult sustaining pensions, healthcare and education only through taxation. Technological development and automation will enable changes in the structure of the organizations, and new skills will be required. Managers will be asked to improve the working life of their employees, by considering also multiculturalism and generational changes. (Salmenhaara 2009; Angerstorfer 2015; European Migration Network 2018; Ministry of Finance 2018b; Heinonen 2018.)

Sectoral shortages will alter the labour market, and national production levels will be affected by limited capacities. It will be difficult to optimise resources utilization, outputs will drop, and it will be hard to keep profits high. Offshoring the activities abroad will become more productive, instead. With limited services and goods, the price of end products in the domestic market will be affected by the law of demand and supply, and the competition from foreign markets will grow. Higher production costs, in fact, will increase the prices for end products, influencing the overall domestic consumption. On the other hand, employers will be stressed by intensified working shift, slowed production processes, extended working hours and more responsibilities. Higher stress levels risk to increase unemployment rate and health-care expenses, which could already be strained by the limited resources and an increased governmental debt. Due to reduced private consumption and higher inflation rates, recession becomes a possible outcome. Already nowadays it is very hard to engage people at work. If inputs are not implemented, productivity increased, and production costs reduced, the economy will mostly be sustained by export-oriented industry. (Barnow, Schede & Trutko 2010; Krugman, Obstfeld & Melitz 2012; Angerstorfer 2015; OECD 2018; Ministry of Finance 2018b; Heinonen 2018; European Migration Network 2018.)

Due to higher education, one-fourth of the total migrant population in Finland is constituted by international students (Malik 2016). The Finnish government has promoted international education as a part of the strategy to increase the number of highly skilled migrants towards the country (CIMO 2018b). Moreover, foreigners already residents in Finland choose to study in higher education to increase their employability prospects in the country (Cai et al. 2012, 91). Both the local universities of applied sciences of Häme region,

LAMK and HAMK, take part in international marketing of their educational institution in target countries. For them, the biggest proportion of foreign students come from outside the EU/EEA area, hence, they pay tuition fees. The decision of applying such fees comes by the reduced expenditure in education chosen by previous governments. However, in the future, also Finnish and European students will risk paying tuition fees for the same reasons. (ETLA 2017.) As result of such policies and trends, in the future, the accessibility to education risk to be limited only to people with higher incomes, and eventually will require the students to get higher study loans. Citizens that live in more difficult contexts, will have reduced chances of improving their living standards through education. This will have effects on the literacy level and employability of the population, on the international recognition of Finland, and on the overall number of students in the higher education. Since non-European students must pay tuition fees, and since international education is part of the strategy for reducing labour shortages, it is important to consider the new position that Finnish HEIs have assumed in the international education market.

Finland holds the records of being among the first choice of destination for highly skilled migrants. Moreover, Finland is the country with the lowest rate of non-working students, which means that the bigger proportion of graduates is employed (Siivonen 2015; Eurostat 2016; OECD 2018; Lanvin & Monteiro 2019). By comparing the rates of the total population of graduates, with the rate of foreign-born graduates, it is understandable that there are barriers, for international people to get employed in Finland, especially for master's graduates (CIMO 2016a; Shofiullah 2017; OECD 2019). Finnish labour market is not able to take advantage of this committed proportion of migrants, not rewarding and not recognizing their skills and capabilities. Nevertheless, foreign-born graduates are more subjected to unequal treatments and heavier working conditions compared to the Finnish graduates, and this is more accentuated in less internationalized and rural areas. (Cai et al. 2012; CIMO 2014b; Larja & Luukko 2017; Shofiullah 2017; European Migration Network 2018; OECD 2019.) The inability of smaller businesses to internationalize and to supply labour to non-Finnish speakers is resulting, in fact, in a slow migration of skilled and educated youths (Finnish and non-Finnish), from regions like Häme towards neighbouring regions. Pirkanmaa and Uusimaa regions, being the motors for the whole nation, tend to be the most urbanized, as they welcome higher proportions of migrants and educated youths. Being positioned between these two regions, the region of Häme should be taking advantage of their position, but instead this potential is not valorized. (Heikkilä & Järvinen 2003; Siivonen 2015; Donchenko 2018; European Migration Network 2018; Statistics Finland 2018b; OECD 2018; Statistics Finland 2019h; Yle 2019; OECD 2019.)

To understand the behaviour of foreign-born graduates, it means also considering the national climate and the political debates on topics such as employment and integration of migrants, and finally, accept that a good portion of them leaves the country because they are not allowed to have an adequate work and sustain a life in Finland. (Heikkilä & Järvinen 2003; Cai et al. 2012; Statistics Finland 2013; Heikkilä et al. 2015; Siivonen 2015; Eurostat 2016; Malik 2016; Sykären & Stenberg 2017; Kärkkäinen 2017; OECD 2018; Teivanen 2018; European Migration Network 2018; OECD 2019; Yle 2019.) Moreover, the competition among the western countries in attracting highly educated non-Europeans, for the same reasons related to demography and labour shortages, increases the chances that these students will leave the country after graduation (CIMO 2014a; Syrjänen & Stenberg 2017; Kärkkäinen 2017; OECD 2018 European Migration Network 2018). On the other hand, if solutions are not adopted, from being a resource, migrants forced to be inactive, become a drain. In addition, foreigners that feel marginalized are more often subjected to unfair treatment, and they may fall victim to manipulation or even taking part in criminal activities. (Siivonen 2015; OECD 2018; Ministry of the Interior 2019.)

Therefore, work-based immigration is found to be a quick solution, in the short term, to the lack of skilled workforce. Internationalisation, instead, is part of a long-term strategy that can really support the national accounts and reduce the public debt. (Boswell & Geddes 2011; Malik; 2016; OECD 2018; Teivanen 2018; Ministry of Finance 2018b; Statistics Finland 2018c; Milne 2019.) Thus, highly skilled migrants could be seen as the supporters of internationalisation for small and medium-sized companies in regions such as Päijät-Häme and Kanta-Häme. Before incentivising more work-based immigration, the migrants already resident in Finland must have their skills recognised and rewarded. The fact is that in Finland there is already a portion of highly skilled migrants that needs to be engaged. Attention should go at detecting foreign education, empower it and attain the best from it. Consequently, foreigners already residing in Finland should be supported by allowing appropriate employment, regardless of their cultural background, colour of skin, country of origin or exotic-sounding names. (Cai et al. 2012; Statistics Finland 2013; Platonova et al. 2013; Kinash et al. 2015; Narayan 2015; Koivunen et al. 2015; Sykären & Stenberg 2017; Kärkkäinen 2017; Donchenko 2018; OECD 2019; Hakkarainen 2019.)

The following text is, especially, for the attention of companies, educational institutions, government and students. The main points are presented in Figure 21.

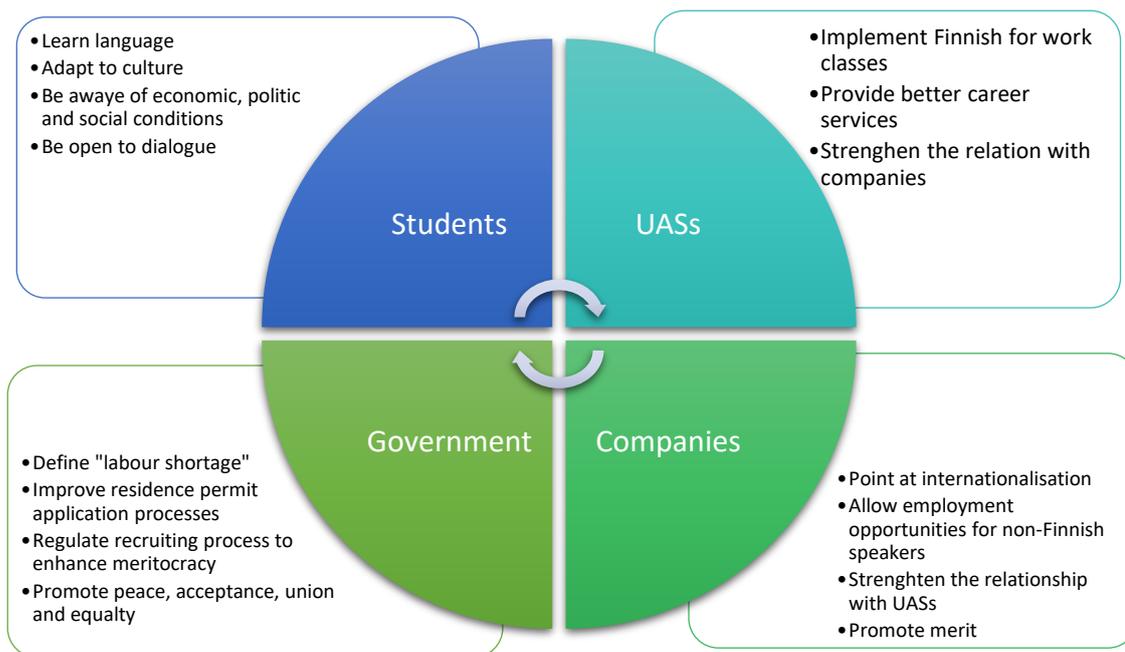


Figure 21 Responsibilities for each shareholder of the thesis

5.1 Companies

To support fiscal sustainability policies, local businesses should now focus on internationalisation. Aiming at export industry would mean increasing turnover by creating employment. Expansion would allow local companies to enter new markets, meet new business partners and gain new customers. Moreover, this policy would support innovation in a positive competitive market, necessary in order to create progress. Business opportunities in Häme might come with franchising and licensing, but also with joint ventures, focusing on export services, involving foreign subsidiaries or offshoring the production processes abroad. Finnish companies should especially look at the European market and find partners around the European continent.

With the obligation of complying with the needs of the society, entrepreneurs and managers of Häme must strengthen their relationship with local HEIs. Especially, utilizing internships, training programs, thesis works and collaboration with UASs to open opportunities for international graduates to gain experience in Finland, and to help workers practice new communication methods and train their English skills. For example, internships are flexible and low-cost solutions that will also help companies' management in detecting if there are gaps in communication within the organization or in customer relationship. Since companies can provide customer service in English, this means that they could also find solutions to providing training for interns in English. A first step, in introducing foreign students to the business life could be to update a company's internet services, translating the web

pages in other languages than English, taking care of social media, and generally promoting digital marketing. By giving the students the opportunity of practising IT skills, mixed with sector-tailored language learning, the students would get to know the mission, vision, objectives and strategies of the businesses they cooperate with, practice and learn Finnish language, have the chance of networking and getting to know Finnish working environment. If local businesses have already developed international operations, they could hire foreign personnel from abroad, or invite their foreign subsidiaries to study and develop their skills in Finland, while working. Promoting work, alongside training and education, will incentivize the migration of highly skilled foreigners to the country.

Meritocracy is a good tool against corruption. Meritocracy motivates the students to do better and to improve themselves and, consequently, it promotes progress and endows intellectual skills. Using the school evaluations as complementary tools for the selection criteria in the recruiting process would promote better education, better performances, and more transparency. It is necessary, in order to keep the standards high and motivate foreigners in learning the language, to use CEFR and other standardized scales to determine their employability (merit) based on language skills. The same criteria should be used, and justified, in the job advertisements, as well.

5.2 Schools

Because of the language barriers in certain fields, especially affecting business graduates, schools should give higher value to the teaching of Finnish language. This can be done by increasing the level of mandatory courses for foreign students, and by adding work-tailored content and work practices. The results could be even implemented by using digital services and IT technologies. The skill level of the students should be analysed at the beginning of the studies and, together with tutor teachers, a personal path should be defined for fostering each student's competences. UASs have already implemented programs and courses for supporting the learning of Finnish language. The challenge is that such programs are a niche and, on their own, they are not the most sustainable solutions for the school budget. For this reason, schools should develop units that would focus on language, employment and immigration matters. These units would work together with R&D, support the management of the already existing programs, develop new ones and support the teaching. Moreover, schools that allow Finnish language studies should think about granting a CEFR certificate to the students.

The next step to increasing students' employability, would be for schools to connect students and companies, with physical presence of career services. Promoting and strengthening their role, educational institutions should sign agreements with as many companies

as possible, trying to ensure placements and projects for students and, focusing at developing and training transferable and cross-cultural skills of students, managers and employees of those firms. This would ensure and grant the accessibility to internship, training programs or thesis projects to any student, regardless of their background or country of origin. This might be a challenging process in the beginning, but by requiring creativity and R&D strategies, it would sustain growth, promote innovation, and boost international recognition of HEIs. Since international education welcomes people from different cultural backgrounds, it is decisive that career services have a physical presence, to become a reference point for each student at any time during the working hours. The career services would be the place where students could get consultancy, where they could meet their tutor teachers, and where the work-related language schooling could also take place. In this physical space, there should be accessibility to sources about legislation and working rights in Finland and in Europe. Furthermore, this physical space would give the students access to work related matters, CV revisioning. In addition, by collaborating with the different on-going projects, it would aim at boosting entrepreneurial mindsets and related skills. Students would have a chance of training their communication skills, practice for job interviews, strengthen their cross-cultural competencies learned at school and apply them in the Finnish working environment. The mission would be to give the foreign students a chance of getting familiar with the Finnish working environment and train their independence and confidence to self-determination in their new environment. Finally, career services could help authorities with the application procedure of residence permits for graduates and students in Finland. This could ensure a preferential line to the students that have studied in Finland, that could be considered also as a premium if they want to stay in the country for work.

5.3 Governors

To ensure a unified approach to the future challenges, it is important to define the official term of what is intended as “labour shortage”. In this matter, policymakers should be attentive on how to improve the timing of acceptance of residence permits. Reducing the processing of permits to only a few weeks would bring better results and fluidity in the system, thus reducing public expenses and avoiding malcontent among the population.

It is important to regulate better the recruiting process, providing recruiters of metrics and schemes that would enhance merit, over personal contacts. In other words, obligating recruiters to use CEFR scale in job advertising, to clarify what is the language needed at work and to protect both foreign applicants and recruiters in the whole procedure. This

would be an important tool against corruption, would promote transparency and would ease the job for recruiters.

Government and policymakers should think how to fight against nationalistic and sovereign feelings that rise among the population due to geopolitical events, especially by focusing on promoting a peaceful environment especially in rural areas, where unemployment and lower literacy level have the most negative impacts. Finnish government should especially look at the risks that other European countries are facing because of unmanaged migration, and low birth rates. In this line, government can use mass media and social media to encourage people equality and inspire a shared commitment. Moreover, the government should support the development of a knowledge-based economy, using international education as a competitive advantage.

5.4 Foreign graduates and international students

Participating at the university life and trying to strengthen the relationships with Finnish students will help improve the networks of both, Finnish and non-Finnish students. This would take a relatively small effort and would be an interesting experience for everybody, as the international exchange programs are showing. Besides, if students keep the dialogue open and report the gaps they find, then institutions, businesses and policymakers would better understand the right strategies to improve immigration services and education. In doing so, it is necessary that international students become aware of the socio and economic conditions of the country they are living in and participate in the democratic discussion. It is necessary to understand the political debate, and the environment around, to be aware of the circumstances and risks that might arise, with crises for example, and what kind of supports might be lost due to, for instance, public debt or unemployment. Social media and internet are good sources of information and places to find proactive international communities.

It is important for those that have permit for living in Finland to expect their rights to be applied, but it is also a duty for them to support the development of the country. This is possible firstly by learning Finnish language and, getting to know local culture and manners. It is a responsibility of the students, to showcase their capabilities during their studies as well as after graduation. Especially it is important to develop cross-cultural competencies and to put effort in the dialogue with Finnish entrepreneurs and managers. To become more appealing to the eyes of employers, students should focus at developing skills such as communication, team-working, leadership, problem-solving, computer skills, creativity and innovation. Students should try to gain any minimal work experience possible and

choose a field to develop their expertise. In addition, they should show flexibility and willingness to move.

5.5 Identifying the risks

Figure 22 shows the chain effect of the risks identified throughout the research. This is a graphic illustration of what could happen if no solution is adopted in the prospect of internationalisation. If companies are not willing to invest in innovation, internationalisation and diversity management, the overall conditions of Finnish economy and society are at huge risk of bankruptcy and recession. Moreover, the risk of foreign competitors taking over the Finnish market is a threat for the local businesses, but also for private consumption since it would affect the end prices of domestic products. Every person is responsible for finding out strategies for sustaining the nation and its inhabitants – it is a matter of protection and security. If migration is considered by some as a threat for Finnish national identity and culture, it is also one of the factors that, if better managed, would positively influence the future and allow the progress for the following decades. In fact, migration is seen as an immediate solution to be adopted to support the national finances. More specifically, migration is seen as an answer to the problem of public finances by increasing tax revenues, but also as a key for developing new management models in favour of internationalisation.

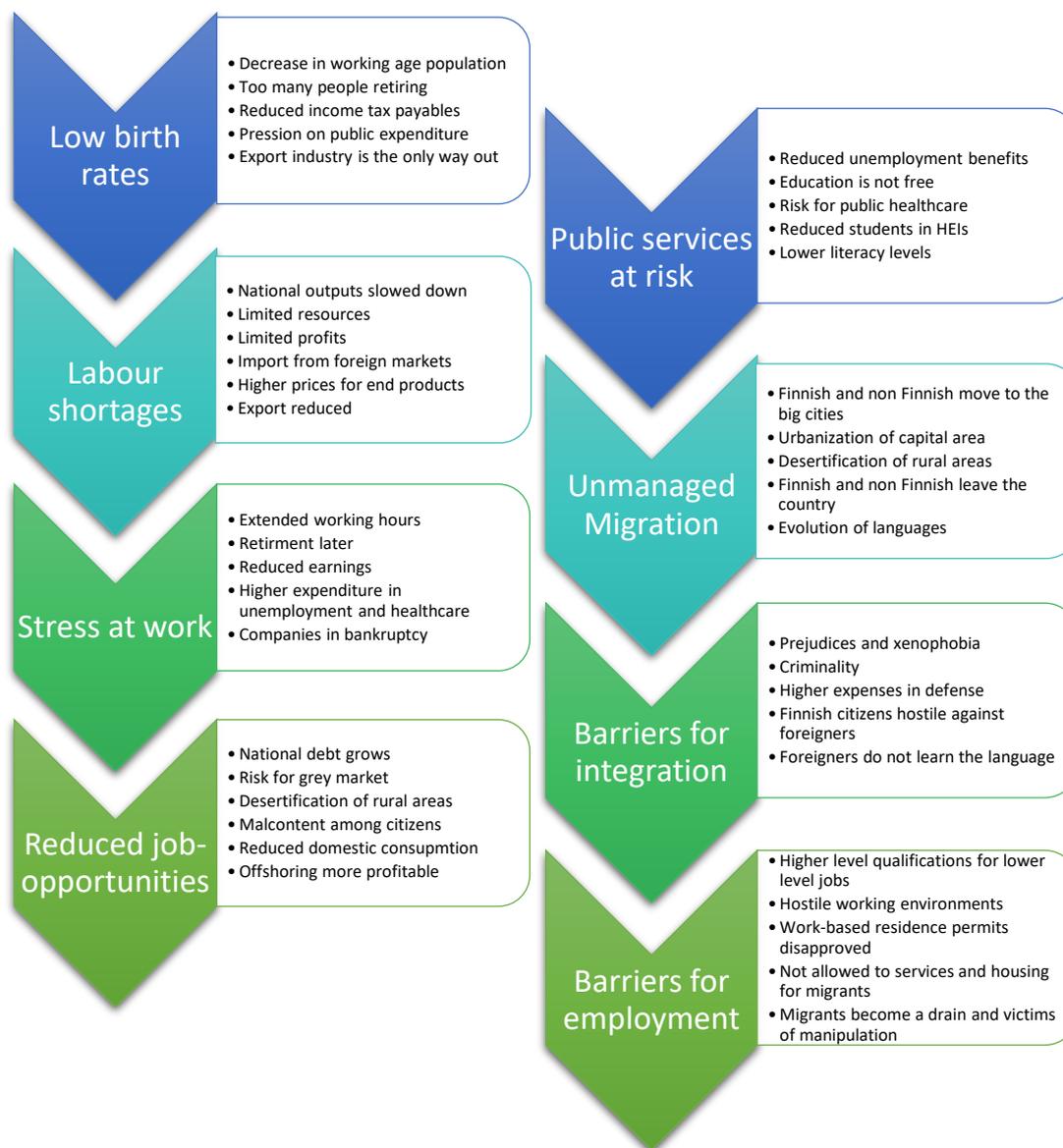


Figure 22 Risk analysis representation

6 CONCLUSIONS

6.1 Answers to the research questions

From the analysis of the literature review and from the empirical research, the answers to the research questions are given. First, the answer to the main research question is provided. Second, answers to the three sub-questions are presented.

What is the overall internationalisation level of Häme small and medium-sized businesses (SMEs)?

Lower than the national average. Regardless of the competitive advantages of Häme region, companies have reduced investment in innovation, affecting the levels of internationalisation. Therefore, export-oriented industry of Häme region results to be less active than the national average. Consequently, it is getting harder to keep net sales higher when the market size is contained to a very small number of end consumers. Even if the level of employment has been sustained, the effects are contained. Furthermore, with increased salary costs, and overall costs of production, also the prices for end products have increased. If there is a higher return in the governmental accounts through tax payables, higher costs of goods and services reduce the opportunities for export and, at the same time, promote the competition of foreign competitors into the domestic market. If competition is the core for progress, then with such limitations, rivalry becomes a threat for local enterprises of Häme.

Are local companies ready to include foreigners in their operations?

Year of establishment, organizational orientation, relationship with educational institutions and internationalisation level influence the readiness of companies in including foreigners at work. In other words, companies that were established after the 80's have shown a global approach. They offer internships and other opportunities to international students, they hire foreign workers, they sustain foreign activities and, generally, they have communicated in foreign languages at work for a longer period of time than the older companies. On the contrary, older companies are not ready to include foreign workforce and they do not see any advantage in hiring them. Understanding that internationalisation of SMEs is part of the strategy to sustain Finnish national accounts, it is necessary that even the older businesses accept the role of international graduates as peers in the international market. The very first step in allowing such progressions are consenting to the employment of international graduates at the management level since structural changes should start by companies' leadership and management.

What are the reasons and challenges behind companies not hiring international graduates?

To better understand the answer to this question, it is important to firstly underline the main barriers for non-European students trying to enter the labour market in Finland.

These are:

- Language. The main determinant, consequently affecting the integration of foreigners in Finland. Hence, their ability at networking and gaining important contacts for their professional development prevents them from showcasing their skills and attitudes.
- Working experience. In Finland, it eases the employment perspectives of foreign students. Having a chance of completing an internship at a company during studies will be determinant for the future in this country. However, for foreign students, it is hard to find companies willing to employ them even for a short-term period.
- Residence permits for non-Europeans are subjected to slow processes and they are based on job availability metrics, which are not considered reliable according to the international polls. Due to the processing times, the whole procedure becomes a burden for the applicants that cannot be employed, cannot have an accommodation, cannot get access to any public service and cannot leave the country either.

The study shows that the start of the chain reaction begins indeed, by the language: working experience is limited for international students mainly because of the language barriers. If students have not gained enough language skills and consistent working experience, it will be harder for them to get employed after graduation. Also, they will not be integrated into the Finnish culture. The separation between them and Finnish-born citizens will grow. Therefore, the employment prospects will influence the decision of authorities if the foreigner is eligible to obtain a residence permit to stay in Finland for a longer period after graduation. If the graduates are not willing to accept lower-level jobs positions, and they continue to study, they will have higher risks of ending up being over-educated for job positions, and eventually, they will leave the country.

Lack of Finnish language skills affects foreigners, and, at the same time, Finnish management lacks English language skills. Both foreign jobseekers and Finnish managers should try to reduce these language barriers since the number of people speaking domestic languages is diminishing, and the number of foreign languages is increasing. It is important to become aware of the long-term effects of the policies and the limitations settled by recruiters. The obstacles due to the language should be used, instead, as a starting point to,

for example, promote and incentivise the learning of Finnish language at work. This could lead to the introduction of new roles within the organization or developing new methods for learning a language and creating further employment. The challenges that come with limited budget to finance and support such turns, can be reduced by taking advantage of the strong presence of HEIs. With internships, training periods or thesis works, companies can familiarize themselves with foreign workers and finally measure the adaptability skills of both the whole organization and foreign skilled workforce.

How can local higher educational institutions and governmental policymakers help companies adapt to the future challenges?

Due to the tuition fees charged to non-Europeans, an increased international competition gives HEIs motives to implement their supports and services for international students. Language trainings and career services if implemented, will increase students' satisfaction, and therefore, their employability prospects in the country.

- From the good examples of HAMK and LAMK, it is shown how work tailored language learning and personal relations with Finnish people can help students learn the language faster.
- Career services are the weakest point of Finnish HEIs, as they are lacking the power of connecting students with local employers. Students do not know where to find the services already provided. LAMK and HAMK have started to offer different support to the students, organizing fairs and relying on the figure of tutor teachers for personal career development. Moreover, LAMK has focused on providing students career development courses and digital platforms for job search.

The policymakers have the main responsibility of encouraging companies in adopting diversity-oriented policies, and to develop a knowledge-based industry that would be highly competitive in the global market. By doing so, the government should help higher education institutions in strengthening their presence in the territory, in the development of local businesses, promoting employment, developing transversal programs and flow of knowledge.

6.2 Validity and reliability

As listed in the first chapter, the research presented numerous limitations. Despite the limitations of language and time, the secondary sources collected were valid and reliable. The theoretical part was, in fact, enriched by academic literature and reliable papers provided by national and international organizations, Finnish authorities and governmental

agencies. The information gathered was consistent. The results from the first part of the study are valid and reliable and can be applied to the whole national context.

The limitation of time and language influenced also the empirical research and the collection of primary sources. The responses to the survey were provided by the companies, each of these can be considered valid and reliable. The low responsiveness to the questionnaire, the small sample analysed, does not provide answers that can be applied to a bigger population. With a higher response to the survey, the results would have been different. Therefore, this part of the research is valid, but less reliable.

6.3 Suggestions for further research

There is a need to investigate the relationship between job vacancies and residence permits issued during the years. It would be important also to inspect the time frame of residence permits applications, understand how the process is managed by the authorities and find out how to make it more sustainable in matter of time and other costs.

How many students pay tuition fees and how many foreign students are exempted because of EU blue card or long-term residence permits? How can HEIs save costs to improve employment services for students?

What are the employment conditions, education, culture and ethnicity of the migrant population in Häme? How many foreign students that have graduated from LAMK or HAMK leave the country because of unemployment or lack of motivation?

How much economic losses is the Häme region experiencing because of language barriers and lack of attention towards international markets?

7 SUMMARY

The purpose of the study is to provide combined solutions supporting long-term strategies and short-term plans to the problems of labour shortages, reduced birth rates, unemployment and governmental debt, by endorsing migration, international education and internationalisation in Häme region. The research focuses on the international students and small and medium-sized companies of Päijät-Häme and Kanta-Häme. Relevance is given to the international education, especially on the responsibility of Lahti University of Applied Sciences and Häme University of Applied Sciences in this context. The study is a result of qualitative and quantitative research methods.

The first part of the study is the theoretical part, it focuses on the economic conditions of Finland. The discussion starts with an observation of demography, labour shortages and migration. The research brings out the governmental policies adopted to withstand the future, moreover, it makes a comparison between the employability of graduates and foreign graduates in Finland. This part of the study ends with the role of higher education, LAMK and HAMK, in this context. Specifically, the effects of tuition fees are studied, the provision of carrier services and language studies are detected, and risk for overproduction of graduates is analysed.

The empirical part starts with an examination of the business conditions in Häme, the attention is placed on understanding the internationalisation level of the region in the national context. The investigation is then focused on understanding business management, human resource management, recruitment issues, and labour shortages for Häme SMEs. The data collected through the survey is analysed with a Chi-square test of independency, that helps with the confirmation or the rejection of the hypotheses.

A comprehensive development plan is suggested for government, businesses, educational institutions and students. The study finds that the barriers for international graduates to enter the Finnish labour market are lack of language skills and work experience, and uncertainty behind residence permit processes. Moreover, it shows that businesses established before and after the 80's adopt different approaches towards internationalisation and international workforce. Nevertheless, the important role that educational institutions cover in Häme region, and how determinant their presence is, in supporting local businesses, innovation, internationalisation and openness to the diversity.

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APPENDICES

APPENDIX 1 Questions to LAMK and HAMK

Do you have a register with information about foreign students? If not, why? If yes, how many foreign students study at your educational institution? Where are they coming from? Do you know if they find employment after graduation?

HAMK staff:

“Yes, all our students are in our student register. The students are also registered on the basis of their citizenship. Currently, we have nearly 600 students who are citizens of another country than Finland. The biggest represented groups based on nationalities are Vietnam, Russia, Estonia, Nepal, China and Kosovo. Altogether we have nearly 7500 students.” (H. K.)

LAMK staff:

“Not that I know of. I think student office have it for sure as well as admission office. According to official statistics, we have around 450 international students studying at our school. [...] Regarding employment, according to the statistics of OPH (Ministry of Education of Finland) from 2008 till 2016 for our university [...], the employment of foreign graduates in Finland is quite poor. If you look at overall employment worldwide, the employment indicators are very good for our foreign students.” (M. A.)

“Yes, we have a student register which covers all LAMK students, also foreign students. Please find attached a presentation about number of students and their nationalities. Unfortunately, I do not have info about employment.” (L. M.)

Does your educational institution promote abroad to come to study in Finland? If yes, where? How is the right market chosen? What do you promote? Do you inform abroad about the employability prospects and constraints of international graduates in Finland?

HAMK staff:

“Yes, we carry out marketing activities regarding recruiting degree students to HAMK. Target countries are e.g. Russia, China, India and Vietnam. We select the target countries/regions on the basis of market analysis data and on the basis of other activities that HAMK possibly carries out to the specific country (e.g. other education services, cooperation projects, student mobility). We promote our English-taught degree programmes and inform on the competencies and skills gained

through our degree programmes. Employability and contacts made to employers during studies is one of the key contents of the promotion.” (H. K.)

LAMK staff:

“Yes, we do promote abroad LAMK. Directly (face-to-face) we had been operating in China, Vietnam, India and Russia. Indirectly (via internet) we are promoting with Facebook worldwide and with Vkontakte in CIS countries [...] The markets were chosen based on previous students intakes and application indicators. When I was doing the Fair and Expo promotions, I was more highlighting the employment opportunities (for the sake of advertising), however, I was advising the potential applicants to start learning Finnish as soon as possible for the sake of increasing chances of employment.” (M. A.)

“Yes, LAMK belongs to FINNIPS network which promotes Finnish UAS abroad. Additionally, as LAMK is part of LUT Group, we are also participating in international fairs decided by LUT Group. E.g. year 2018 we participated in education fairs in Beijing, Shanghai, Hanoi, Ho Chi Minh City and 3 Indian cities. Additionally, LAMK decided to participate in Russian fairs. The markets were chosen by LUT Group / a group responsible for international matters. LAMK representative also belongs to this group, so we also can influence on chosen markets. We promote our English programs, mainly International Business and Business Information Technology (Nursing is not promoted as students need to know Finnish). During the fairs, we also inform the employability prospects and constraints (and actually these matters are asked a lot).” (L. M.)

Does your educational institution support students in learning Finnish language related to their profession and studies? What about career services? How students are guided entering the workforce after graduation?

HAMK staff:

“Finnish language studies are obligatory part of the English-taught degree programmes. In addition, the student can also choose extra optional studies on Finnish language. Career guidance is part of the work of our teachers.” (H. K.)

LAMK staff:

“So, yes, LAMK provides students at all international programs Finnish language courses which give basics of Finnish lexical vocabulary related to the workplace. Career services are also presented in the form of LAMK duuni project, student

advisory services and collection of open working places in Yammer (intranet).” (M. A.)

“Yes, LAMK has many Finnish courses available which support students’ learning process. Career services are handled by LAMKDuuni and also tutor teachers are supporting students. Also, some courses (e.g. Get Employed! and Developing professional competence) are touching working life.” (L. M.)

Since 2017 HEIs must charge tuition fees for non-EU students. Has your institution been able to get financial returns out of those? Have you recorded any other effect on the financial level? What about the participation rate of non-EU students in the application procedure?

HAMK staff:

“Majority of international applicants are from outside of EU. As other universities as well, we also saw some decrease in applicant numbers right after the tuition fees were introduced, but the situation has improved.” (H. K.)

LAMK staff:

“Most of the selected students are subject to the tuition fee in International Business and Business Information Technology. About 70% of IB and BIT students are those who pay the tuition fee. Most of the applicants are from outside Europe. The nursing students are those who already have a residence permit in Finland. This is because in Nursing applicants need to have Finnish language skills. Nursing students are exempted from the tuition fee for this reason.” (K. M.)

“This is pretty hard to state as many students are paying tuition fees but at the same time, there are also many costs. After 2017 there was a small decrease in number of applicants, but step by step numbers are rising to old levels.” (L. M.)

APPENDIX 2 Business barometer. Business cycle and outlook by sub-sector for Päijät-Häme

Pk-yritysbarometri suhdannetilanne ja näkymät osa-alueittain

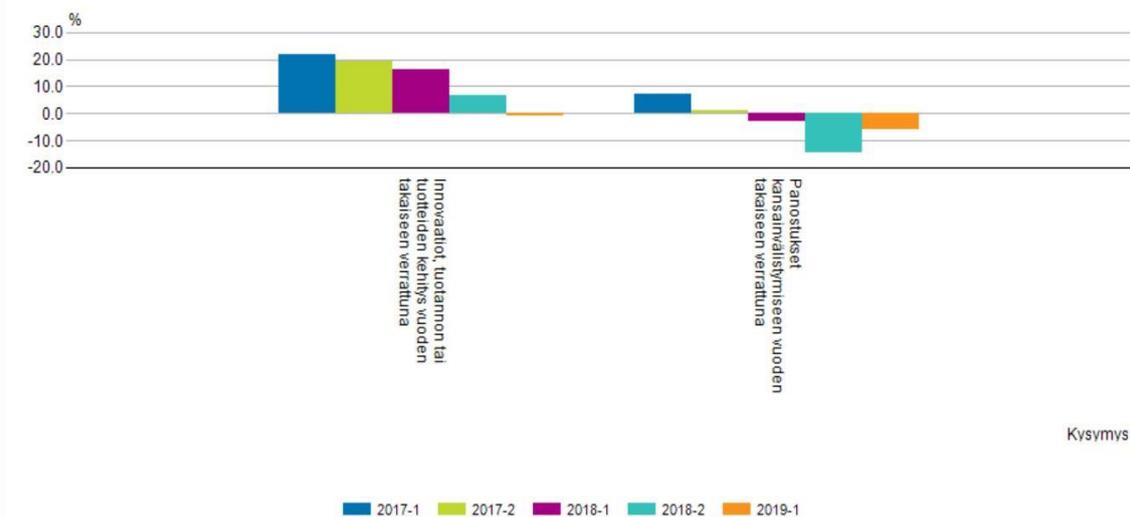


Figure 15 Business barometer. Business cycle and outlook by sub-sector. Päijät-Häme (Työ- ja elinkeinoministeriö 2019)

APPENDIX 3 Business barometer. Business cycle and outlook by sub-sector for Kanta-Häme

Pk-yritysbarometri suhdannetilanne ja näkymät osa-alueittain

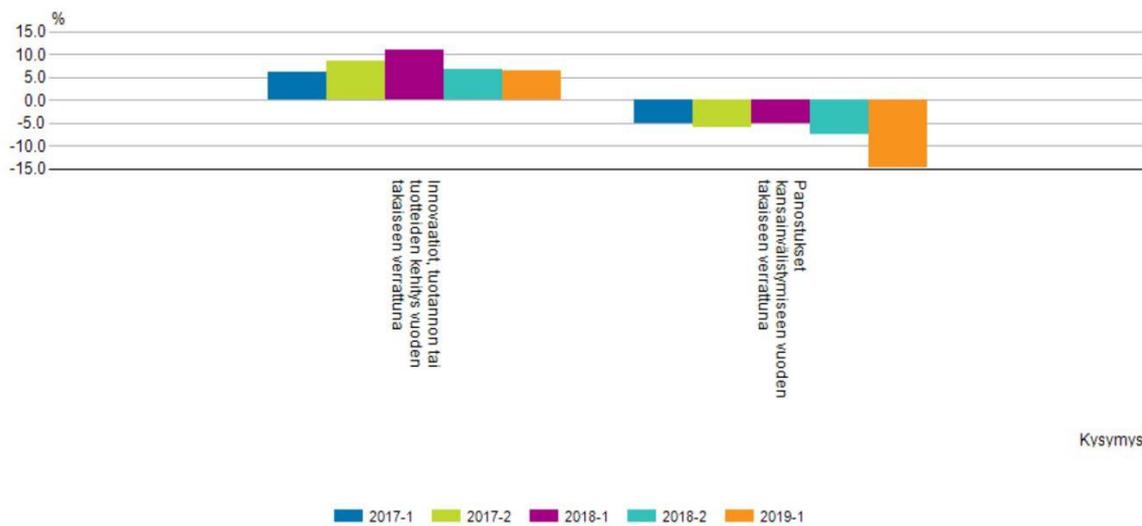


Figure 16 Business barometer. Business cycle and outlook by sub-sector. Kanta-Häme (Työ- ja elinkeinoministeriö 2019)

APPENDIX 4 Business barometer. Business cycle and outlook by sub-sector for Päijät-Häme

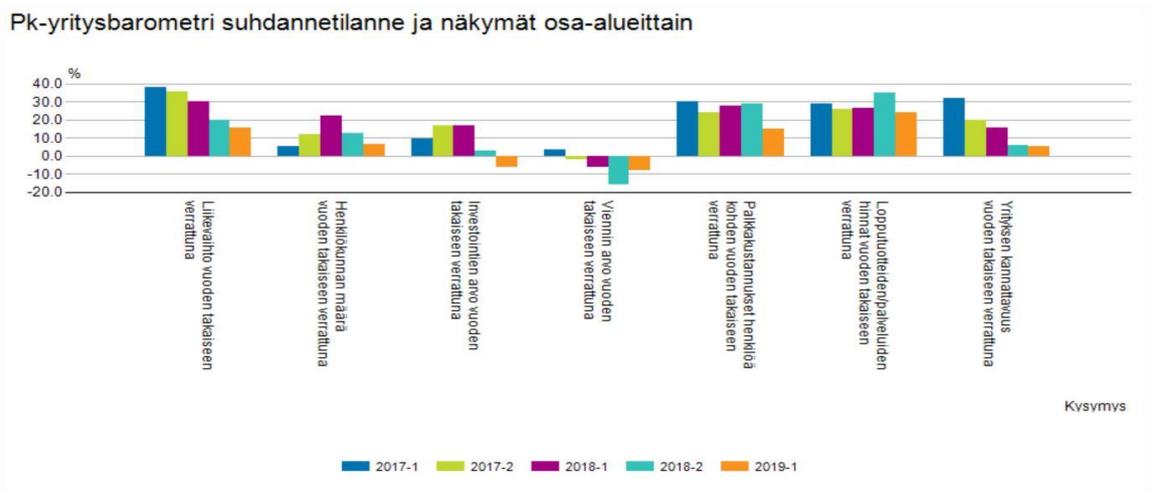


Figure 17 Business barometer. Business cycle and outlook by sub-sector. Päijät-Häme (Työ- ja elinkeinoministeriö 2019)

APPENDIX 5 Business barometer. Business cycle and outlook by sub-sector for Kanta-Häme

Pk-yritysbarometri suhdannetilanne ja näkymät osa-alueittain

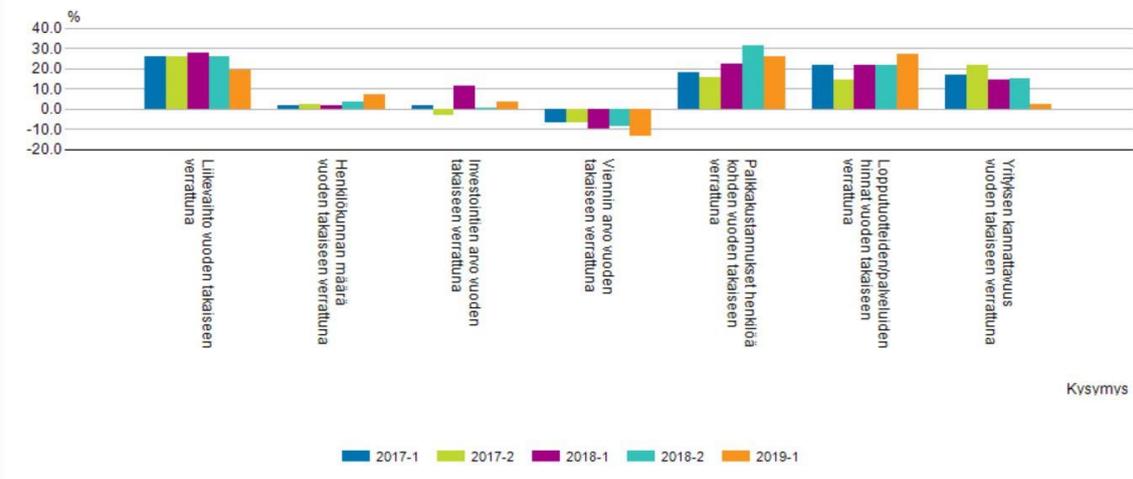
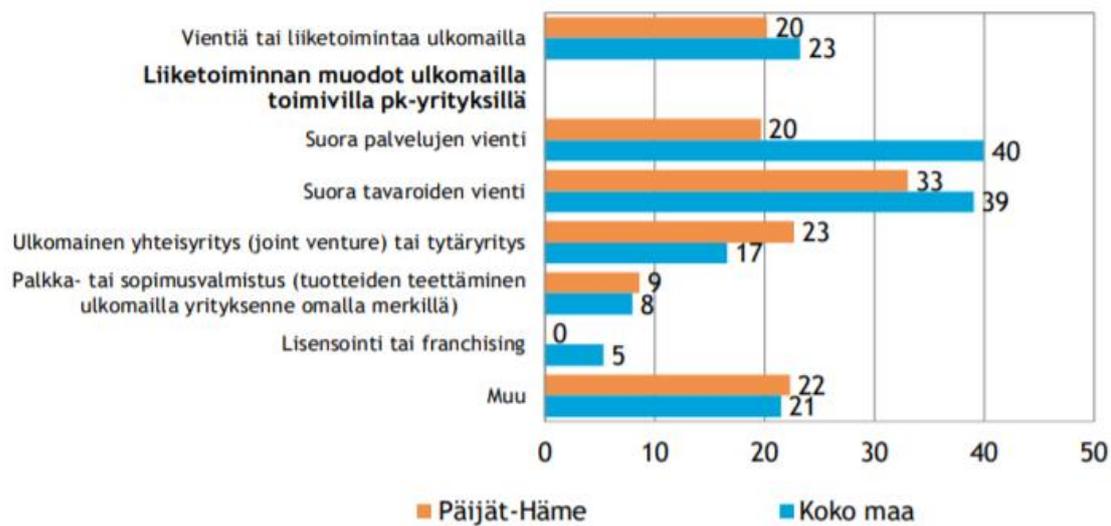


Figure 18 Business barometer. Business cycle and outlook by sub-sector. Kanta-Häme (Työ- ja elinkeinoministeriö 2019)

APPENDIX 6 SME activities abroad. Päijät-Häme

Kuva 7. Pk-yritysten toiminta ulkomailla, % yrityksistä, */



*/ Vastaajat ovat voineet valita useita vaihtoehtoja.

Figure 19 SME activities abroad. Päijät-Häme (Yrittäjät 2019a)

APPENDIX 7 SME activities abroad. Kanta-Häme

Kuva 7. Pk-yritysten toiminta ulkomailla, % yrityksistä, */



*/ Vastaajat ovat voineet valita useita vaihtoehtoja.

Figure 20 SME activities abroad. Kanta-Häme (Yrittäjät 2019b)