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Author:  
**Gabriel Amitsis**  
*UIA Expert*



The Urban Lab of Europe !

# The Urban Growth-GSIP project Journal N° 1

*Project led by the City of Vantaa*



**JOBS & SKILLS  
IN THE LOCAL ECONOMY**



# The GSIP project

The **GSIP** project interconnects growth and social responsibility pillars at company level. It aims to promote growth and competitiveness especially of companies in human intensive and routinely operated industrial sectors. It seeks to improve the level of education of the city's workforce by offering better training possibilities for low-skilled workforce, employees with outdated skills and unemployed persons.

The project will design, test, pilot and automate a model of "Growth and Social Investment Packs (GSIP)" for local private and public companies. An innovative core is to create a service model with motivating incentives for companies. By contributing to social development e.g. giving a job or training opportunity to an unemployed person a company earns an incentive for growth. The development process starts from the design with partner companies and tests of three GSIPs in authentic cases for genuine needs among the themes need for new skilled workforce, updating skills for employees and technological shift. GSIPs will be piloted in 20 companies and finally automated for permanent use and scaling up with the help of big data as well as intelligent solutions.

## **Partnership:**

- Municipality of Vantaa
- Metropolia University of Applied Sciences
- Laurea University of Applied Sciences
- Etila - The Research Institute of the Finnish Economy
- Labour Institute for Economic Research
- Helsinki Region Chamber of Commerce
- ISS Services Ltd
- Infocare Ltd.
- Solteq Plc.
- Finnair Cargo Ltd.
- Vantti Ltd.

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# 1. EXECUTIVE SUMMARY

This is the first Journal of the EU (Urban Innovative Actions - UIA) funded *GSIP (Growth and Social Investments Pacts)* Project, one of the main instruments used by the City of Vantaa in Finland to develop a solid local jobs and skills agenda applying a *labour market innovation discourse* that interrelates innovation with inclusive business growth. It was compiled by the UIA Expert of the Project within the context of the Task B' "Capturing knowledge" (development of documentation and outputs that will capture and disseminate the lessons learnt and good practices for a wider audience) that UIA Experts shall perform during their activities.

The main aim of the UIA Initiative is to provide urban authorities across Europe with space and resources to test bold and unproven ideas addressing interconnected challenges and experiment how these respond to the complexity of real life. It relates to the topics that EU Member States, local authorities, NGOs, European and national associations of cities have identified within the frame of the *European Urban Agenda*. The *GSIP* Project is focused on the topic "*Jobs and skills in the local economy*", a key challenge for sustainable inclusive growth in Europe. It started in November 2018 and will continue till October 2021.

Journals produced by UIA Experts are the main written output analyzing the development of the Projects through the lens of seven key implementation challenges defined by the UIA Secretariat: Leadership; Public procurement; Organizational arrangements within the urban authority; Participative approach for co-implementation; Monitoring and evaluation;

Communication with target beneficiaries and users; Upscaling. The objective of the Journal is to make interested readers understand how an innovative and integrated urban project is overcoming the challenges related to its implementation.

This first Journal concerns the implementation of the *GSIP* Project during 2019. It summarizes the findings of a multi-level analysis of the City of Vantaa institutional, policy (the *2018-2021 Strategy*) governance and administrative framework, key Project deliverables (Monitoring Plan, first Milestones Review, 2018-2019 Progress Annual Report) and first-hand experience of the Project life, as evidenced particularly in various meetings of the UIA Expert (see the Appendix of the Journal) during his first site visit to Vantaa (December 2019).

The Journal has five thematic Chapters across a number of sections. The *first Chapter* examines how jobs and skills in the local economy are treated in current EU policy and the Finnish national and local agendas, addressing also an issue of great interest to urban practitioners: the overall City of Vantaa policy and administrative context. The *second Chapter* describes the main features of the *GSIP* concept, explaining i) the policy rationale, ii) aims, objectives and expected results, iii) partnership and iv) the high relevance to the EU, national and regional policy agendas on jobs and skills at the local level. The *third Chapter* provides a brief presentation of the Project implementation progress during 2019, highlighting the major achievements and accomplishments. The *fourth Chapter* discusses the development of the Project through the lens

of the seven implementation challenges and identifies lessons of interest to local leaders and urban practitioners. The *last Chapter* summarizes key learning points and presents the next implementation steps during 2020.

The development process of the Project during 2020 will be subject of the next issue of the

Journal (Project Journal N°2), available at the end of 2020; more thematic focused aspects and cross-cutting dimensions shall be dealt with in other deliverables of the UIA Expert (Zoom-in and Web articles).

## 2. JOBS AND SKILLS IN THE LOCAL ECONOMY: A KEY CHALLENGE FOR SUSTAINABLE INCLUSIVE GROWTH IN EUROPE

The European economy seems to be slowly recovering from the financial and economic crises, at the aggregate level, while regional and urban enclaves remain deeply scarred by economic and social dislocation. After several years of decline, we are experiencing economic growth partly due to increased purchasing power and increased exports or even below zero percent interest rates.

As the EU gradually moves out of the economic crisis, it should be remembered that more than two thirds of the EU's workforce live in cities and that urban agglomerations are the main drivers for innovation, competitiveness and economic growth across Europe. Cities therefore have a key role to play in creating and supporting the right conditions for the innovative investments that lead to more and better jobs for their citizens.

### 2.1 The EU context

Job creation is one of the top priorities of the EU. This is not surprising when one considers that whilst the level of unemployment has been falling in recent times (EU-28 unemployment at 6.3 % in October 2019, lowest since the start of the EU monthly unemployment series in January 2000), 15.613 million men and women in the EU-28, of whom 12.322 million were in the Euro Area (EA-19), were unemployed in July 2019,

Economic performance at local level is one of the most essential thematic aspects in fostering sustainable regional and urban development. New enterprises create new working places thus providing wider employment opportunities, fostering overall prosperity of inhabitants, as well as preventing unemployment, and labour mobility prompted by negative choices. Meanwhile, higher entrepreneurial activity and employment create preconditions for higher incomes in the budget of local municipalities, which can be used for providing better public spaces, better public services and more favourable business environment, and also for attracting highly skilled experts, in private and in public institutions. As a result, overall prosperity and life quality of local residents can be increased, as well as it can create favourable preconditions for attraction of new investors.

with many of these in the age-groups that should normally be the most productive and involved in a healthy, prosperous and resilient society.

The *New Skills Agenda for Europe* (2016) reiterates the importance of job creation and of upskilling Europe's workforce. At the same time, the *European Pillar of Social Rights* (2017) strives to establish fairer working conditions and a strengthened social dimension in employment-

related policies. In addition, the *Urban Agenda for the EU* (2016) is supported since mid-2017 by the Partnership on 'Jobs and Skills in the local economy', which aims at facilitating the local economy by increasing the capacity and skills of the workforce and by providing favourable preconditions for business development and job creation, based on distinctive local specificities (more information with regard to EU legislation, policies, strategies, studies, funding, and project examples on the topic of Jobs and Skills in the Local Economy can be found at the **European Commission's one-stop shop for cities**).

In this context, European cities are encouraged to include employment, jobs and skills within their own policy agendas, adopting priorities that may be summarized as follows: a) strengthening local supply chains to help the local economy to benefit from the local market and playing an

active role in building connections between local companies, their Stakeholders, and both local and broader market opportunities; b) supporting SMEs, providing innovative solutions for their key challenges and enhancing their interconnectivity with wider markets; c) developing an enhanced entrepreneurial culture and fostering the creation of innovative businesses and social enterprises by promoting favourable local ecosystems; d) enabling the transition of cities into a next economy based on knowledge, sustainable energy, digital platforms and more localized and circular forms of production, e) valorising research and development by commercializing the results of scientific research and development, via the cooperation of entrepreneurs and the scientific and research community; f) aiming at a highly qualified workforce equipped with the adequate skills in order to foster higher productivity, creativity and innovation.

## 2.2 The Finnish national context

Sustainable inclusive growth is one of the key priorities of the Finnish State, a prominent representative of the **Nordic model** that comprises the economic and social policies as well as typical cultural practices common to the Nordic countries (Denmark, Iceland, Finland, Norway and Sweden). It is promoted particularly nowadays by the *Ministry of Economic Affairs and Employment* (<https://tem.fi> › **ministry**) and is created by skilled miracles in high quality jobs and successful companies, productivity and growing labour responsibility. General economic policy in Finland has a central role in strengthening the demand for labour. In addition, employment has a central role in economic growth, people's well-being and the sustainability of the public economy.

**Well-functioning labour markets place Finland in a very good position in the international**

**division of work and competition.** Company and employee adjustment is a key to creation of new work and to transition of people from education to labour markets and from one job or position to another.

National employment and enterprise policy supports competence development based on the needs of companies and the workforce. It also supports company growth and enterprise in start-up companies as well as reduces unemployment and problems in the reconciliation of supply and demand in the labour markets. Important policy measures include, for example, the forms of support and services that promote employment and the reconciliation of supply and demand in the labour markets, training designed to meet the needs of companies and the workforce, and better financial incentives for employment.

According to *Statistics Finland's* Labour Force Survey, the employment rate for the population aged 15 to 64 was 71.7% in 2018. Men's employment rate was 72.7% and women's 70.6% (they grew by 2.0% and 2.1% respectively compared to 2017).

In 2018, the average number of employed persons aged 15 to 74 in Finland was 2,540,000,

which was 67,000 more than in 2017. There were 35,000 more employed men and 32,000 more employed women than in 2017. The number of employees grew by 57,000 and that of self-employed persons by 9,000. The employment rate grew in all age groups and the number of employed persons grew in almost all main industries.

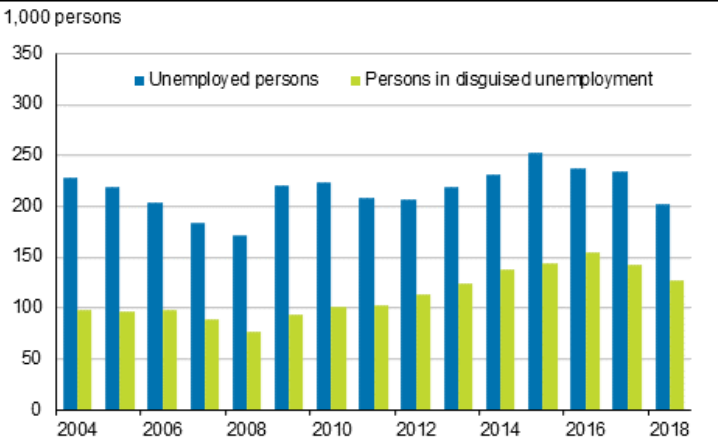
**Diagram 1. Employment rates by sex in 1994 to 2018, persons aged 15 to 64, %**



On the other hand, the average number of unemployed persons was 202,000 in 2018, which is 32,000 fewer than in the previous year. The unemployment rate among persons aged 15 to 74 was, on average, 7.4% in 2018, having been 8.6% in 2017.

The number of persons in disguised unemployment decreased by 15,000 from 2017. In 2018, there were 128,000 working-age persons aged 15 to 74 classified as being in disguised unemployment, who would and could have accepted work, but had not looked for it actively.

**Diagram 2. Unemployed persons and persons in disguised unemployment in 2004 to 2018, persons aged 15 to 74**





In addition to the balanced performance of the labour market, **Finland achieves both excellence and equity in compulsory education**, ranking among the top countries in PISA (<https://www.oecd.org/pisa>). Finland has also been **successful in developing the skills of its adults**, with average scores within the context of the *Programme for the International Assessment of Adult Competencies* in literacy and numeracy significantly above average compared to other OECD countries (<https://www.oecd.org/Skills-Strategy-Finland>).

However, Finland's performance is average in the activation of skills and in the alignment of skills supply with the needs of labour market. Evidence of under-qualification and under-skilling is mainly found for older workers, while polarization in adult education is an open issue. The *OECD Skills for Jobs database* (<https://www.oecdskillsforjobsdatabase.org>) finds that shortages in verbal, quantitative and reasoning abilities are stronger than in the OECD average. As well, intense shortages are found in several knowledge areas such as computers and electronics and mathematical knowledge.

## 2.3 The Finnish local government context

The Finnish local administration includes 107 cities {Finnish: *kunta*} and 203 municipalities {Finnish: *kaupunki*}, all members of the *Association of Finnish Local and Regional Authorities* (<https://www.localfinland.fi>). They tend to be small, given that more than half have fewer than 6,000 residents. The smallest municipality, the Swedish-speaking town of *Sottunga*, has no more than 100 residents, whereas the number of residents in Finland's capital *Helsinki* is about 630,000.

Finland has nine cities with a population exceeding 100,000: *Helsinki, Espoo, Jyväskylä, Tampere, Vantaa, Turku, Oulu, Lahti* and *Kuopio*. They account for 1% of Finland's area, but for 30% of the country's population and for as much as 40% of all jobs.

Finnish municipalities have a strong social impact and, compared to the average European local governance framework, an exceptionally wide range of functions. They arrange basic public services for their residents, including social welfare, health care, education and culture, and technical services. They are responsible for about two third of the public services (mostly

financed by municipal tax revenue, central government transfers to local government and service charges), the remaining one third being the responsibility of the central government.

The *Finnish Local Government Act of 2015* stipulates that municipalities shall strive to advance the well-being of their residents and to promote sustainable development on a local basis. Most of a municipality's functions are statutory and based on special legislation. But municipalities may, by their own decision, engage in other functions as well (the so called **optional functions**, which include: ensuring that the general prerequisites for business are in place, support for associations and free civic activity, **provision of job creation services**, international activity, support for political parties, energy supply, harbours and the building and maintenance of information networks).

The involvement of any municipality in the jobs and skills agenda depends, therefore, on its own political decision to apply an optional function and engage in activities that it deems necessary and which serve the municipality's residents. Besides being an employer (Finnish local and

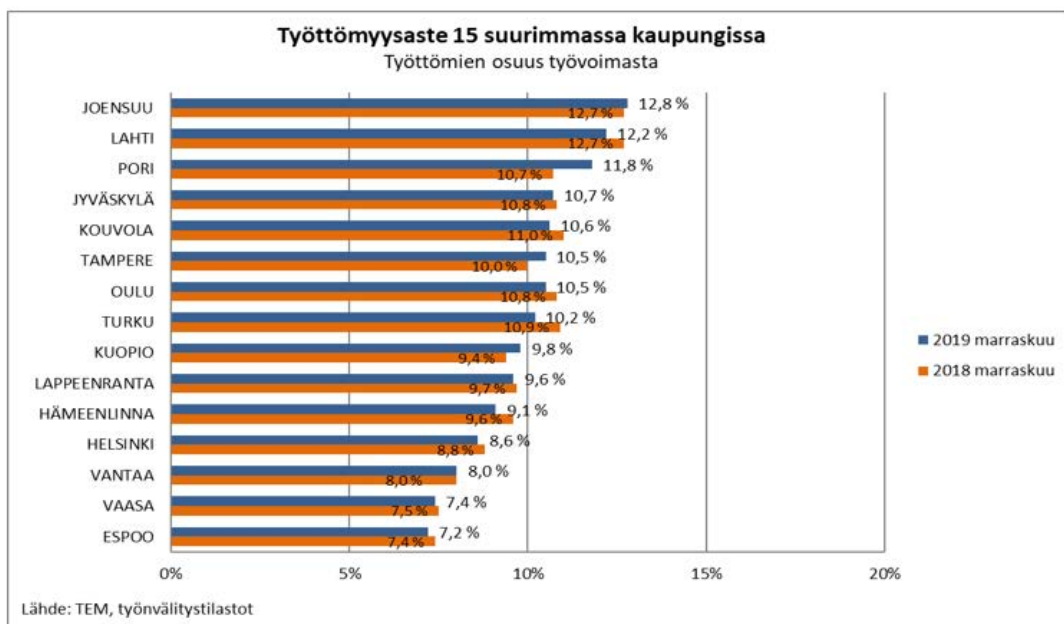
joint municipal authorities employed over 422,000 persons in 2015, which is approximately 20% of Finland’s workforce), local authorities are not in the lead position to create jobs. However, they do provide – within the limits of these optional functions – the circumstances under which jobs are being created, ranging from favourable business climate, promoting the modernization and transition of the local economy, supporting (including social) entrepreneurship, promoting lifelong learning and R&D opportunities, ensuring a proper infrastructure and a good mobility of people and goods, providing high quality public

services, which prevent administrative burden and facilitate establishment of enterprises and their growth, controlling the urban development and the land use, diminishing the time and the procedures to obtain the building permit, and finding ways to stimulate local jobs including through social return schemes, promoting apprenticeship programs and financial instruments, such as social impact bonds.

Given that unemployment is still a hot issue in the local policy agenda, the biggest cities and municipalities have designed and implement active employment programmes.

**Diagram 3. Unemployment rates in 15 biggest Finnish cities (November 2019)**

## Työttömyysaste suurissa kaupungeissa



## 2.4 The City of Vantaa context

Vantaa is the fourth biggest city in Finland with about 210,000 inhabitants (<https://www.vantaa.fi>). It was founded in 1974, forms part of the metropolitan area of the Helsinki capital and is one of the 26 municipalities within the *Helsinki-Uusimaa Region*, the most “innovative” Region

in the EU (European Commission, *Regional Innovation Scoreboard 2018*, 2019, p. 16).

Vantaa is the city of the Helsinki airport and has the biggest number of train stations (14) in Finland. City centers are located around station areas and most residents live within a 1-kilometer radius of train stations.



The Tikkurila City center

The *City Council* is the highest decision making organ of the City of Vantaa, responsible for deciding on the city’s strategy, operations and finances. In addition, it promotes the residents’ direct participation in the city’s operations and decision making. The members of the Council and their deputies are selected at municipal elections that take place at four-year intervals (Vantaa’s 2017-2021 City Council consists of 67 members).

The *City Executive Board* is responsible for the city’s administration and finances. It is also responsible for preparing council decisions,

implementing the decisions, and monitoring their legality. Vantaa City Executive board consists of 13 members.

The everyday administration of the City is performed by specific Committees (Departments) headed by the Mayor and the Deputy Mayors.

In accordance with the *Finnish Local Government Act*, the Vantaa’s 2017-2021 City Council has compiled the *2018-2021 City of Vantaa Strategy (Valtuustokauden 2018-2021 strategia)*, which specifies the city’s vision, values, strategic priorities and goals.



The priorities of the City of Vantaa Strategy are defined as follows:

- We will ensure that our economy is balanced;
- We will strive at an integrated city structure while cherishing the nearby nature;
- We will increase the city's vitality and attractiveness;

- We will promote our residents' wellbeing;
- We are pioneers in service development;
- We will lead by reforming and participating.

The Strategic Priority No. 3 reflects the strong commitment of the local community to develop a solid jobs and skills agenda.

## We will increase the city's vitality and attractiveness

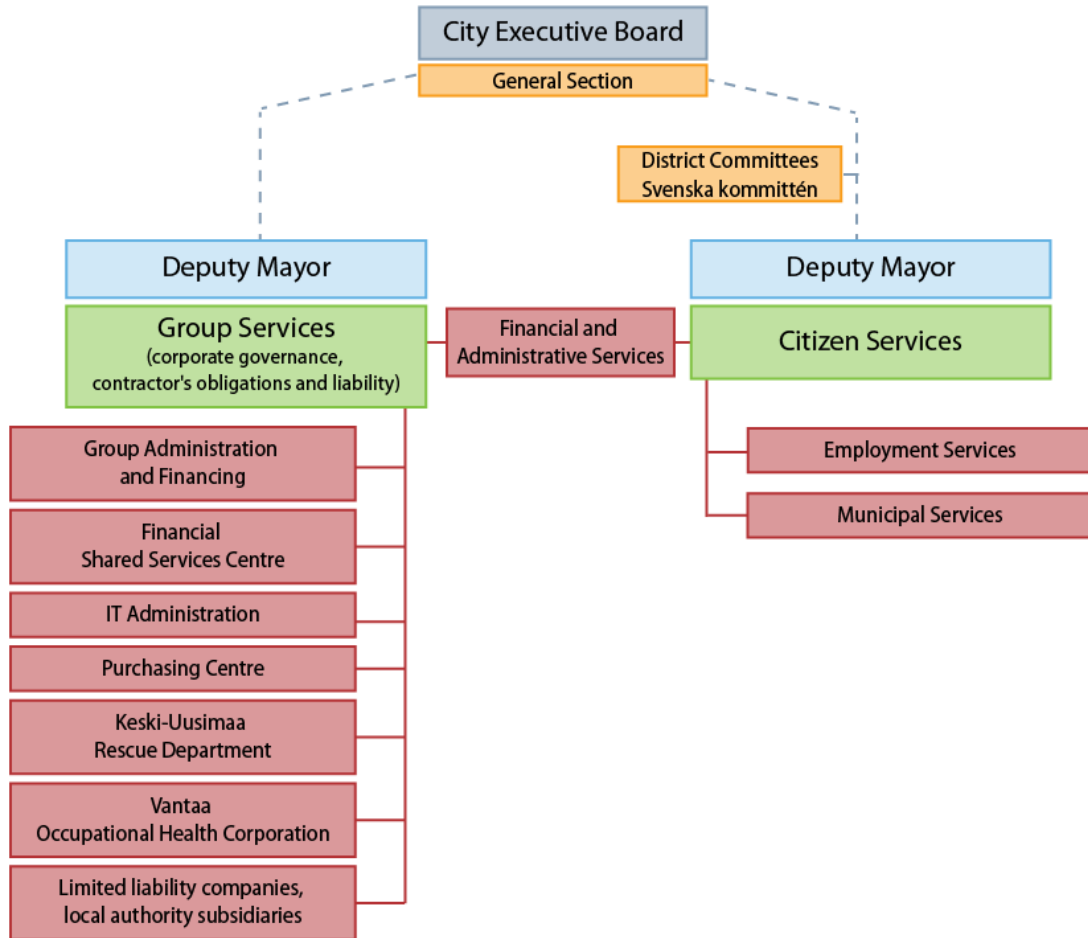
- The city's employment situation will see the best development in the entire metropolis;
- The competence of working-age population will better than currently meet the changing needs of the labour market;
- Versatile and attractive workplace areas will be available to businesses;
- Vantaa will be known as a city of events

The implementation of the City jobs and skills agenda was till December 2019 a task of the Employment Services within the Group and

Citizen Services Department. Since January 2020 relevant tasks are performed by the newly established Growth Services.

**Diagram 4. The former Group and Citizen Services Department**

## Group and Citizen Services Department



# 3. THE GSIP CONCEPT

The *GSIP (Growth and Social Investments Pact)* Project forms one of the main instruments to promote the City of Vantaa jobs and skills agenda using a *labour market innovation discourse* ([www.wilcoproject.eu](http://www.wilcoproject.eu)) that interrelates innovation with inclusive business growth. It was designed after a detailed analysis of local needs

and challenges, taking into account both EU and national policies to facilitate the local economy, by increasing capacity and skills of the workforce, providing favourable preconditions for business development and creation of jobs, based on distinctive local specificities.

## 3.1 The policy rationale

The policy rationale of the Project is both pragmatic and realistic:

- Low-skilled workplaces and under-educated workforce cause holistic risks to local economy;
- Companies which mostly have low- or outdated skilled workforce are more likely to face serious risks on their competitiveness;
- Low-skill jobs will be reduced in case companies move to digital transformation and intelligent automation models;
- Without a permanently skilled labour force, companies may lose growth potential, which in turn not only reduces the urban attractiveness as a business location, but may create serious risks of urban segregation, poverty and social exclusion.

These key challenges are very relevant for the City of Vantaa, due to its social and labour market profile:

- a) 32% of the labour force have no education after mandatory school (this is 7,5% higher than in the other five big cities in Finland);
- b) 16.5% of the labour force are employees in low-skilled workplaces (this is 4,8% higher than in the other five big cities in Finland);
- c) 8% of the labour force are unemployed (this is slightly lower than in the other five big cities in Finland);
- d) 18.9% of the population has foreign background (foreign citizens or abroad born).

**Table 1. The labour market profile of Vantaa**

Key indicators	October 2019	October 2018
Labour force	118,197	116,592
Employment rate	75,1%	74,1%
Unemployment rate	8,0%	8,1%
Unemployed	9,461	9,431
Unemployed young people (aged under 25)	1,029	1,069
Unemployed aged over 50	3,190	3,234
Long-term unemployed (over 12 months)	2,290	2,430
Unemployed non-Finnish nationals	2,230	2,269
Vacancies (offered through Public Employment Services)	2,973	2,441

The business profile of Vantaa is strongly linked with the overall economic development of the area

and the many initiatives of the City to increase its urban attractiveness as a business location.

## The business profile of Vantaa

There are 12,257 companies in Vantaa, they employ about 118,000 persons (representing 4.9% of all jobs in Finland)

The Aviapolis area (Helsinki airport) is the fastest growing business area in Finland (126% growth in value of international companies, 2006-2015)

60,000 persons commute daily to Vantaa to work

The biggest industries are wholesale & retail (20%), transport & warehousing (16%), manufacturing (11%) and building (10%)

1,520 new companies were established in Vantaa during 2018 (+ 21,2% from 2017), focused on Construction, Professional, scientific & technical activities, Wholesale & retail trade, Transportation & storage

40% of these new companies were established by immigrants

## 3.2 Aims, objectives and expected results

In this challenging context, the *GSIP* Project reflects the City of Vantaa key policy decision:

- to promote growth and competitiveness of local companies;
- to improve level of education of workforce and offer better training possibilities for low-

skilled employees, employees with outdated skills and unemployed persons

through the design and implementation of a new, innovative and exceptional service and incentive model (*Growth and Social Investments Pacts - GSIPs*).

### The *GSIP* model

*GSIPs* are a new instrument for municipalities to reach the maximum impact on public investments, subsidies and services (including training and vocational education) offered to local companies. *GSIPs* gather information and expertise about jobs and skills from different national, regional and local institutions and support interested local companies to take in a productive way advantage of them. To increase interest, companies' employees are offered short free training programmes (partly in class), which deal with different topics on future employment demands (the content is based on previous surveys and interviews).

The *GSIPs* are tailored for Vantaa based companies employing 10-200 people, particularly companies involved in human intensive and routinely operated industrial sectors and IT-companies which have workforce of outdated skills caused by rapid changes in technologies and future business. Development process starts from design, validation and testing of three thematic *GSIPs* (one for requirements, one for competence growth and one for automation) in five Project Partner companies and continues through their pilot implementation in 60 companies. The aim is to apply the framework of field experimentation for implementing *GSIPs* with robust data about the scale of programmes' effectiveness. After piloting, *GSIPs* will be automated with the help of big data and intelligent solutions.

The *GSIP-model* is an innovative way to both boost companies' growth and competitiveness and

tackle social problems related to unemployment or the risk of unemployment. It is based on an evidence based hypothesis: the social initiatives of the market are often disconnected with growth investments. In order to address this risk for inclusive business development, the Vantaa concept deals with both objectives:

- a) Social goals will be achieved through recruitment processes: creating and piloting *GSIPs* in different phases will provide 200 new jobs for unemployed persons and 30 apprenticeships;
- b) Growth investments goals will be achieved through vocational training processes for 700 persons: i. business management (consulting, coaching, market analysis, innovation management advice, investment plans etc.) and ii. employees (life learnings



skills, sales skills, how to cope in change, degree studies, etc.).

If succeed, *GSIPs* may be used:

- as comprehensive tools of local authorities to improve companies' growth;
- as instruments that promote better match of skills needs and supply;

### 3.3 The partnership

The City of Vantaa is the Main Urban Authority of the Project, while other partners include:

- the Metropolia University of Applied Sciences (a higher education and research institute);
- the Laurea University of Applied Sciences (a higher education and research institute);
- the Research Institute of the Finnish Economy "ETLA" (a research institute);

- as mechanisms that provide incentives to create new jobs;
- as active inclusion roadmaps for enabling every citizen, notably the most disadvantaged, to fully participate in society, including having a job (see in particular [Active inclusion - European Commission - Europa EU](#)).

- the Labour Institute for Economic Research (a research institute);
- the Helsinki Region Chamber of Commerce (a business network);
- ISS Services Ltd (a private company);
- Infocare Ltd (a private company);
- Solteq Plc. (a private company);
- Finnair Cargo Ltd (a private company);
- Vantti Ltd (a municipal company).

### 3.4 The relevance to the EU, national and regional agendas

The *GSIP* Project is very relevant to the EU, national and regional policy agendas on jobs and skills at the local level.

At the EU level, it follows the main principles of the [Social Investment Package](#) (2013), the *EU New Skills Agenda for Europe* (2016), the *Urban Agenda for the EU* (2016) and the *European Pillar of Social Rights* (2017), while it promotes through the use of European Regional Development Fund funding the Strategic Objectives No. 3 "Enhancing the competitiveness of SMEs", No. 8 "Promoting sustainable and quality employment and supporting labour mobility" and No. 9

"Promoting social inclusion, combating poverty and any discrimination" of the 2014-2020 EU Cohesion Policy.

At the national level, it follows the labour market objectives of the *Agenda for Sustainable Growth* of the Ministry of Economic Affairs and Employment (<https://tem.fi/en/agenda-for-sustainable-growth>), implemented by the *Public Employment Services* and the *Centres for Economic Development, Transport and the Environment* (ELY Centres), responsible for the regional implementation and development tasks of the central government.

## The employment objectives in the Government Programme of Finland

1. The employment rate will be raised to 75% by the end of 2023
2. The number of people in employment will increase by a minimum of 60,000 by the end of 2023
3. The unemployment rate will decrease to 4.8% by the end of 2023

At the regional level, it follows the labour market vision and relevant priorities of the *Regional Strategy of Uusimaa 2040* ([https://www.](https://www.uudenmaanliitto.fi/files/13281/Helsinki-Uusimaa_Regional_Programme_A31-2014.pdf)

[uudenmaanliitto.fi/files/13281/Helsinki-Uusimaa\\_Regional\\_Programme\\_A31-2014.pdf](https://www.uudenmaanliitto.fi/files/13281/Helsinki-Uusimaa_Regional_Programme_A31-2014.pdf)).

## The vision of Helsinki-Uusimaa Region 2040

*In 2040, Helsinki-Uusimaa Region will be on top of the Baltic Sea Region when it comes to creating and taking advantage of socio-economic growth, enabling a well-functioning everyday life for its inhabitants and arranging activities in an ecologically and economically sustainable way.*

### The strategic priorities

Opportunities for Growth – How can we enable smart growth and a rapid and flexible development of the industry?

Well-functioning Everyday Life – What are the basic preconditions of a well-functioning everyday life; how do we live and how is the transportation system organized in the future?

Sustainable Ecology – How do we secure a sustainable use of natural resources and how do we maintain a natural diversity?

## 4. THE IMPLEMENTATION OF THE GSIP PROJECT

1. The major Project achievement during 2019 was the development of the first *GSIP model* “Need for Skilled Workforce”, subject to three phases: initial design, validation and pilot implementation.

a) The model was designed according to the values and principles of the **Co-creation approach**, defined as a strategy to develop new business models, products and services with customers, clients, trading partners and other stakeholders. Given that co-creation is the act of creating together, co-creation projects bring different parties together (for instance, a company and a group of customers), in order to

jointly produce a mutually valued outcome. In this context, co-creation essentially involves three steps: (i) obtaining contributions by customers, (ii) selecting the best of these contributions, and (iii) incorporating these selected contributions into products, processes, or services.

The doctrinal framework of the **Co-creation approach** was elaborated and adapted to the Project actual needs by the Laurea University of Applied Sciences, which has a long standing tradition - as well as the other academic Project Partner, the Metropolia University of Applied Sciences - in using relevant approaches for teaching and research purposes.



*The Co-creation approach in action: GSIP partners during a co-design meeting at the Laurea University*

b) The model was **validated** through co-creation workshops, interviews and tests in the five Project Partner companies, and included business and workforce analyses; incentive modelling frameworks (sources and combination of national and city level subsidies, social appreciation), recruitment programmes (services designed: counseling, workforce search via networks, education packages, apprenticeship), coaching (topics covered: corporate social responsibility and sales) and training programmes for managers and employees (topics covered: Communication, Customer insight, Supervisory work, Lean and MS Office).

c) The **pilot implementation phase** focused on Vantaa based companies employing 10-200 people. Almost 90 companies were contacted by phone, approximately 40 companies were met and analyzed, from which 28 companies were involved in the testing process of the *GSIP 1 model* (situation 30.10.2019).

In principle, corporate interest about the scope and objectives of the *GSIP 1 model* is high. However, this does not always lead to the company staff registering for thematic training courses or coaching services. Or if a company is involved in growth investments, the social investment (advice, support, talent search or job design) may not be start at all.

First available results from contacts with participating companies show that although attention is paid to specific aspects of the *GSIP 1 model*, many companies ask for more clear incentives to participate in growth investment packages, given that free training courses are not sufficient on their own. **Market motivation** poses a key challenge for the next implementation phases of the Project and requires alternative scenarios for the active involvement of companies - particularly very small ones - in innovative local initiatives.

2. Another important Project achievement during 2019 was the **design and implementation of a sound cooperative plan with main external Project stakeholders** (external stakeholders should be defined as entities and groups outside the City of Vantaa which are affected or might be affected in some way by the *GSIP* Project), in order to highlight the ways that the Project could address the local economy needs using tailor made solutions to current problems and risks. The first step of this problem-solving approach was to identify the main external Project stakeholders, which include:

- The central Government (the *Ministry of Economic Affairs & Employment* / the *Ministry of Education & Culture*);
- The *Public Employment Services* (TE Services);
- The *Centres for Economic Development, Transport and the Environment* (ELY Centres);
- Private business representatives;
- Vocational Training organizations;
- Other relevant Projects at national, regional and local level;
- Citizens' associations;
- Target groups (unemployed and low skilled workers).

The second step was to promote contacts with these stakeholders in order to exchange ideas about their active involvement in the Project and seek networking and coordination opportunities within their own agendas. In this respect, a senior official of the *Ministry of Economic Affairs & Employment* participated in the launch event of the *GSIP 1 model* and contributed in the relevant panel. In addition, the MUA Project management team has established strong links with the local Vantaa Office of the Public Employment Services (TE Services), and it is well noticed that

a TE Services contact person was appointed for the Project. This is a very interesting lesson for the national and international audience involved in the development of regional and local employment policies, given that synergies between Public Employment Services and cities are not easy to achieve without solid networking methodologies and mutual trust.

Last but not least, contacts were promoted both with local companies and their associations and with specific Vantaa based civil society organizations (*Vantaan Järjestörinki ry, Vantaan Työnhakijat ry, Hyvät Tuulet ry, Nicehearts ry, Kalliolan Setlementti ry*) involved in the provision of activation and integration services to people at high risk of poverty and social exclusion (including unemployed).

## 5. KEY GSIP PROJECT IMPLEMENTATION CHALLENGES AND LESSONS LEARNED

The implementation of the Project during the first year (2019) was subject to a few challenges that have been identified and addressed in a rather efficient manner by the Project Partners. They are summarized as follows, using the methodological framework provided by the UIA Secretariat.

### a) Political and administrative (senior management) leadership

The commitment of the local policy leaders (Mayor, City Council and City Executive Board) is very high and reflects their strong interest to promote the City of Vantaa jobs and skills agenda, as evidenced particularly in the meeting of the UIA Expert with the Mayor Mrs. *Ritva Viljanen* during his first site visit to Vantaa (December 2019). The thematic Deputy Mayors also follow the implementation of the Project and provide support when needed.



*From left to right:  
Kirsi Eskelinen - GSIP Project Manager, Kimmo Viljamaa - Business Development Manager, Ritva Viljanen - Mayor of Vantaa,  
Jaakko Niinistö - Deputy Mayor of Vantaa*

The Mayor of Vantaa has appointed a Steering Group for the Project, made up of partners' leaders, supported by the MUA Project Manager, who provides regular briefings to make sure that the local leaders are well informed about the progress in each domain. It is well noticed that the MUA Project Manager got a seat at the Vantaa City *Employment Services Management Team*, which meets once a month to discuss the local employment strategy, activities and cooperation models with other national, regional and local stakeholders.

### **b) Public procurement**

Traditional public procurement procedures for the provision of public services have been applied so far by the City of Vantaa (acting as the contracting authority), in line with the EU acquis (*Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC*) and national legal framework (for contracts below EU thresholds). No reserved contracts or innovation partnerships models were selected. The use of socially responsible public procurement processes ([landmark-project.eu › latest-achievements](#)) was discussed by the MUA Project management team (particularly the provision of catering services during the Project's big communication events by social enterprises), but not applied yet.

During the next phases of the Project, the City of Vantaa will use public service contracts to achieve more challenging objectives, as the proper implementation of the external Communication Strategy (Work Package No. 3) and the creation of the automated GSIP model (Work Package No. 6).

### **c) Organisational arrangements within the urban authority (cross-department working)**

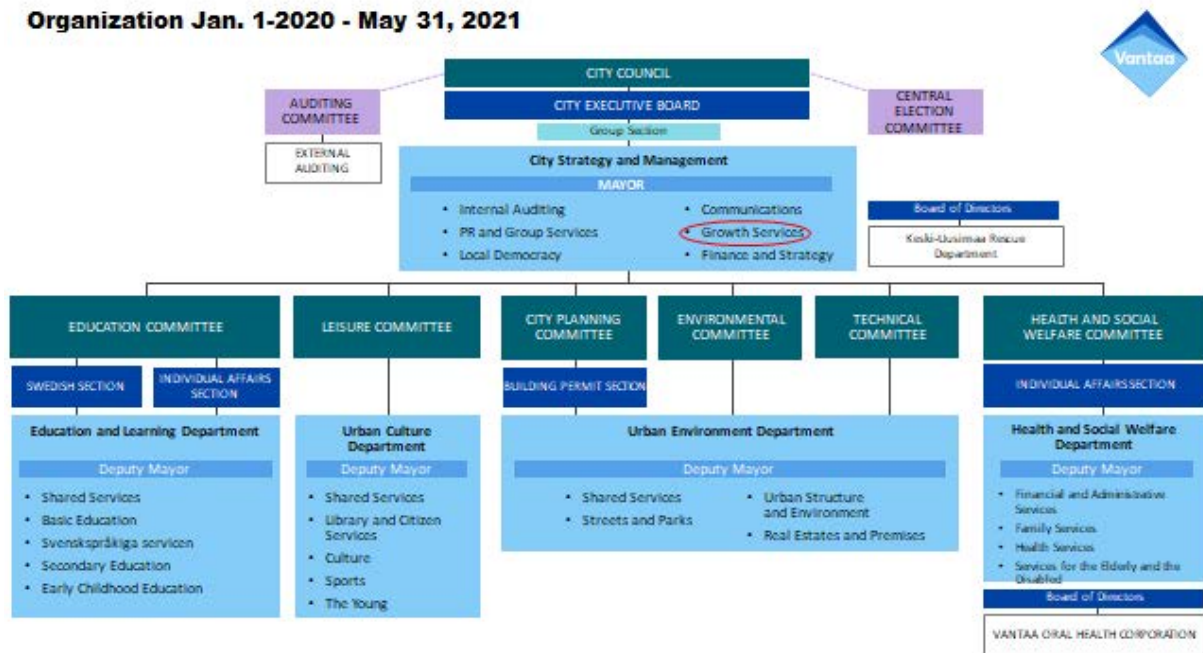
At the City of Vantaa (acting as the Main Urban Authority of the *GSIP* Project) level, the internal partnership structure includes Business Vantaa (Business Development Services), Employment Services and the Vantaa *Vocational College VARIA* ([www.varia.fi](http://www.varia.fi)). The MUA Project management hold regular meetings to discuss performance and monitoring issues.

In addition, an internal *Strategy* Group was established in April 2019 on the initiative by Deputy Mayor *Jaakko Niinistö* after a consultation with the Mayor; this Group monitors the contribution of the *GSIP* Project to the city jobs and skills agenda, and promotes links of the Project with relevant initiatives delivered by other City of Vantaa Departments.

The MUA Project management team has invested significant time in building bridges between other city sections and departments, as the Health and Social Welfare Services (particularly related to employment prospects of disabled persons) and the IT services. It has also underlined the need to include the Project agenda within the overall City of Vantaa Communication Strategy in order to advance the Project dissemination performance. In this respect, the Project's Communication Strategy took advantage both of the City of Vantaa's communication framework and the Work Package No. 3 (communication activities) context.

It is also noteworthy that policy synergies developed during the first year between the internal partnership at the City level led to an operational reform that shall benefit the *GSIP* Project in the near future: the implementation of the City jobs and skills agenda was till December 2019 a task of the Employment Services within the Group and Citizen Services Department; since January 2020 relevant tasks are performed by the newly established Growth Services.

## Organization Jan. 1-2020 - May 31, 2021



### d) Participative approach for co-implementation

The *GSIP* Project has used three interrelated models so far to advance the participation of internal and external stakeholders in the design and implementation of key activities.

i. An **innovation and collaboration approach**, based on the **Quadruple Helix model** ([https://vb.northsearegion.eu/public/files/repository/20180924154616\\_QuadrupleHelixguide.pdf](https://vb.northsearegion.eu/public/files/repository/20180924154616_QuadrupleHelixguide.pdf)), was used to design the first *GSIP model*. Using the Quadruple Helix and involving the stakeholders in the development of an innovation can lead to more successful, user oriented innovations. The end users will be more likely to accept and use the innovation. It will also have a greater social benefit at a lower cost and improve empowerment of the citizens, who will increasingly experience trust towards the innovators and become an active part of the innovation system.

ii. An **evidence-based research approach** was adopted by the two research partners of the Project (the Research Institute of the Finnish Economy “ETLA” and the Labour Institute

for Economic Research), which highlights the advantages of using solid research methodologies and tools to advance the impact of complex local employment initiatives. While the original focus of the Project was about Vantaa based companies employing 20-200 people, the application of impact assessment techniques led to the conclusion that companies employing 10 to 19 people should also be involved. As a result, the Project has designed a better quality business register, given that SMEs (the main external stakeholders) are now divided into two groups.

iii. A solid **integrated approach** with other external stakeholders was promoted by the design and implementation of a sound cooperative plan (discussed in Chapter 4); it is expected that the development of this plan during the next phases shall advance the Project scaling up and transferability potential.

### e) Monitoring and evaluation

The City of Vantaa is responsible of the project management through Business Vantaa, which focuses on overall monitoring and coordination; consultative internal evaluation for supporting



the Project to follow its objectives and reach its outputs; and capitalization (implemented together with the UIA expert). All Project partners are members of the Steering and the Executive Committee, acting as the main bodies for coordinating project activities. A smaller team (Laurea, Metropolia, Varia, Vantaa Employment Services, the Helsinki Region Chamber of Commerce) participates in the so called *Implementation Working Group* meetings, which serve closer day-to-day planning and coordination. These meetings take place every two weeks where partners can present actions, problems and solutions.

The Project Management Team follows the principles of a sound monitoring model (i.e. the ongoing process of collecting and using standardized information to assess progress towards objectives, resource usage and achievement of results and impacts). Regular monitoring has already identified detailed operational information (mainly on outputs and results achieved by the Project, financial absorption and the quality of implementation mechanisms) to Project Partners and allow for detection of warning signs (i.e. the concept of automated *GSIPs*). In conjunction with internal evaluation processes, effective monitoring and reporting provided Partners with the knowledge they need to understand whether the implementation and outcomes of this UIA Project are unfolding as expected and to manage the initiative on an ongoing basis.

The Project has also adopted a **hybrid internal plan** to assess the performance and the impact of the *GSIP model*, which will be monitored by ETLA and the Labour Institute for Economic Research. But not all information can be provided by or extracted either from the overall monitoring system, or from this hybrid

internal plan, which is **why follow-up in the form of external evaluation** (a systematic and objective assessment carried out by independent evaluators of an ongoing project, programme or policy, its design, implementation and results) is required. The MUA Project Management Team has started to work - upon recommendation of the UIA Expert - on the design **of an external formative** (this type of evaluation is essential for trying to understand why the Project works or doesn't, and what other factors are at work during the Project's life) **and thematic** (this type of evaluation provides the best opportunity for Project partners to investigate whether a specific topic or thematic area will need more or less attention in the current or future frameworks) **Evaluation Plan** of the Project.

#### **f) Communication with target beneficiaries and users**

The Communication Strategy with target beneficiaries and users is implemented in a rather effective way by the following tools:

- A thematic website in Finnish (<https://urbaaniakasvua.fi/>);
- Social channels on twitter (account: @@urbaaniakasvua) and youtube;
- The GSIP Project own blog;
- Conferences and seminars (the Project launch event was held on 18 June 2019);
- Presentations in public events;
- A magazine story;
- Articles in newspapers;
- Academic articles;
- Articles on blogs;
- News releases.

The key communication target groups are:

- Vantaa based companies;
- Employers and employees active in the City of Vantaa;
- Organizations that provide skills and employment development services.

In addition, contacts were promoted with the following external stakeholders:

- The Erasmus+ Project Immigrant Skills Center;
- The ESF-funded Match Project, which aims to accelerate the matching of companies and immigrant job seekers;

- Other relevant initiatives developed by non-profit organizations;
- Private companies (about 40 companies in the test phase have been encountered and their growth and skills needs have been identified during the meetings);
- Unemployed jobseekers (they have been interviewed at the Megarekry Trade Fair on 3 October 2019, one of the biggest recruiting events in Finland).



Communication in practice: The GSIP Project at the Megarekry Trade Fair

It is well noticed that the Project team uses since August 2019 - as the result of a public tender - its own *Customer Relationship Management* (CRM) system, available to Partners' staff that concretely cooperate with the *GSIP* test companies. This system can be used to view the analytical data from *GSIP* test companies and the services they have been involved in implementing the *GSIP*

*model*. It also stores communication data with companies and what has been agreed with them.

Last but not least. Participation of target groups in time spending training was addressed in a rather effective manner. The Project takes advantage of a cloud interactive learning platform, easy to use for participants (managers and employees who are in principle very busy in their work positions)

in training activities. Accessing a course is made simple just by clicking a link - everything will be delivered and ready to use. In addition, the platform supports interested trainers to track how the group or an individual user performed. For instance, they can see where trainees have spent time on and what videos have been viewed, collecting evidence-based data that improve course content and material.

### **g) Upscaling**

Project Partners have started to discuss the design of a solid upscaling process, particularly related to the development and future use of *automated GSIPs* (they are defined in the Project Application Form as an “*automated data-driven*

*future model for local authorities’ business, employment and education services*”, which “*can assist and propose in which companies the biggest growth results will be achieved, who are the most potential target groups amongst employees, unemployed or students, which coaching or training or recruitment programs will work the best and how to reach the best value for the public development investments*”) by all interested companies based in the Vantaa area, as well to the establishment of partnership agreements with other regional and transnational networks in the local jobs and skills domain. The Project Management Team participated in relevant national and international workshops, while a study visit was held in another UIA Project.

## 6. CONCLUSION AND NEXT STEPS

1. The very effective development process of the Project so far was based on a mutual **collaborative culture between (and within) partners and external stakeholders**, which took advantage of well-designed management and monitoring systems. Policy support from the City of Vantaa leadership was very beneficial, and communication agendas produced anticipated effects for target beneficiaries and users.

2. The involvement of five Project Partner companies in the validation – test phase the GSIP 1 model was of great symbolic and pragmatic value, due to its high impact on the **business friendly narrative** of the Project. The activation of these companies sends a rather important message to other local companies that the *GSIP concept* is not an abstract academic exercise but a **real life and in the field process** with immediate, short-term and long-term results.

In addition, the involvement of two leading Universities of Applied Sciences and two respectful Research Centres led to the production of **high value evidence-based research methodologies and tools that supported other Partners to tackle complex issues about co-creation, learning management, incentive modelling and impact assessment**.

3. During the first semester of 2020, the *GSIP* Project will capitalize the results of the pilot implementation phase of the *GSIP 1 model* and proceed with the development of the *GSIP 2 model*, subject again to three phases: initial design, validation through tests in the five Partner companies and pilot implementation in 20 Vantaa based companies employing 10-200

people. This model will focus on “Updating skills for employees” of participating companies.

4. During the second semester of 2020, the *GSIP* Project will capitalize the results of the pilot implementation phase of the *GSIP 2 model* and proceed with the development of the *GSIP 3 model*, subject again to three phases: initial design, validation through tests in the five Partner companies (2020) and pilot implementation in 20 Vantaa based companies employing 10-200 people (2021). This model will focus on “Technological Shift”.

5. During 2020, the *GSIP* Project will start also to work on the development of the *automated GSIPs discourse*; this process has been already emphasized by Project Partners as the most important implementation challenge, due to the *de facto complexities of the automated GSIP models* and their high financial value (over 30% of the overall Project’s budget). The MUA Project management team is discussing - upon recommendation of the UIA Expert - the terms of a feasibility study about the scope and the context of *automated GSIPs*; in addition, Project Partners will organize study visits inside and outside Europe to seek international good practices on *automated GSIP models* (platforms, investment plans, etc.).

6. The development process of the Project during 2020 will be subject of the next issue of the Journal (Project Journal N°2), available at the end of 2020; more thematic focused aspects and cross-cutting dimensions shall be dealt with in other deliverables of the UIA Expert (Zoom-in and Web articles).

# APPENDIX. PERSONS INTERVIEWED DURING THE FIRST UIA EXPERT SITE VISIT TO VANTAA (DECEMBER 2019)

- *Ritva Viljanen*, Mayor of Vantaa
- *Jaakko Niinistö*, Deputy Mayor of Vantaa - Head of Growth Services
- *José Valanta*, Head of Business Services - City of Vantaa
- *Timo Saari*, Head of Employment Services - City of Vantaa
- *Kimmo Viljamaa*, Business Development Manager - City of Vantaa
- *Elina Salo*, Project Coordinator - City of Vantaa Employment Services
- *Kirsi Eskelinen*, GSIP Project Manager - City of Vantaa
- *Anne Raasakka*, Head of Education Services - Vantaa Vocational College VARIA
- *Anne Innanen*, Project Specialist Business Services - City of Vantaa
- *Marilla Kortessalmi*, Project Manager - Laurea University of Applied Sciences
- *Laura Erkkilä*, Project Coordinator – Laurea University of Applied Sciences
- *Elina Taponen*, Project Manager - Metropolia University of Applied Sciences
- *Minna Tuomi*, Project Coordinator - Vantti Ltd
- *Marko Riikkula*, Project Coordinator – ISS Services Ltd

Urban Innovative Actions (UIA) is an Initiative of the European Union that provides urban areas throughout Europe with resources to test new and unproven solutions to address urban challenges. Based on article 8 of ERDF, the Initiative has a total ERDF budget of EUR 372 million for 2014-2020.

UIA projects will produce a wealth of knowledge stemming from the implementation of the innovative solutions for sustainable urban development that are of interest for city practitioners and stakeholders across the EU. This journal is a paper written by a UIA Expert that captures and disseminates the lessons learnt from the project implementation and the good practices identified. The journals will be structured around the main challenges of implementation identified and faced at local level by UIA projects. They will be published on a regular basis on the UIA website.



### Urban Innovative Actions

Les Arcuriales  
45D rue de Tournai  
F- 59000 Lille

**+33 (0)3 61 76 59 34**  
info@uia-initiative.eu  
**www.uia-initiative.eu**

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and on **Facebook**.