

NEWS

PROJECT

Urban Growth-GSIP
Vantaa - Growth and
Social investment Pacts
for Local Companies in
City of Vantaa

📍 Vantaa, Finland

TOPIC

Jobs and skills in the
local economy

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How may policy discourse influence local jobs and skills agendas? The case of the Vantaa GSIP Project

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Transnational and comparative social policy research shows that integrating individuals with complex social problems (such as low qualifications, outdated skills and unemployment) into society and the labour market cannot be achieved solely by traditional employment measures (mostly income support and job-search assistance). Additional instruments are needed, for example vocational training programmes, public job-creation schemes, incentive reinforcement, employment assistance and upskilling, applied either at the national or regional / local level. In this respect, the City of Vantaa is implementing since 2018 with other partners the Growth and Social Investments Pacts (GSIP) Project, which forms one of the main instruments to promote an innovative local jobs and skills agenda by increasing capacity and skills of the workforce, providing favourable preconditions for business development and creation of jobs, based on distinctive local specificities. As the title of the Project declares, three overarching narratives are adopted and elaborated: a) Growth reflects the sustainable growth discourse; b) Social Investments reflects the social investment discourse; and c) Pacts reflects the social pacts discourse.

1. A brief snapshot of the GSIP model

The GSIP Project defines *GSIPs* as 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. They focus on three interrelated policy priorities:

- Recruitment of unemployed persons with low skills and education – The *GSIP 1 model*
- Training of existing staff – The *GSIP 2 model*
- Use of digitalization processes in the business routine – The *GSIP 3 model*.

But do these priorities follow the principles and values of a broader policy discourse^[1], as validated in the terminology of the GSIP concept?

- a) Does Growth reflect the *sustainable growth* discourse;
- b) Do Social Investments reflect the *social investment* discourse;
- c) Do Pacts reflect the *social pacts* discourse?

2. The *sustainable growth* discourse

Sustainable Growth (SG), often stated as Sustainable Development^[2], is economic development that attempts to satisfy the needs of humans but in a manner that sustains natural resources and the environment for future generations. Sustainable economic growth is managing all available resources in a manner that they will not be depleted and will remain available for future generations.

Figure 1: The pillars of Sustainable Growth



SG is a key priority of the EU 2020 Agenda^[3] and a strong commitment of the new EU Economic and Social Agenda, as explained in the European Commission’s Communication *Annual Sustainable Growth Strategy 2020*^[4]:

“At the heart of our growth strategy are four complementary dimensions.

First, our efforts should focus on leading the transition to a nature-friendly and climate neutral continent by 2050, while ensuring that everyone can take advantage of the opportunities that this will bring along.

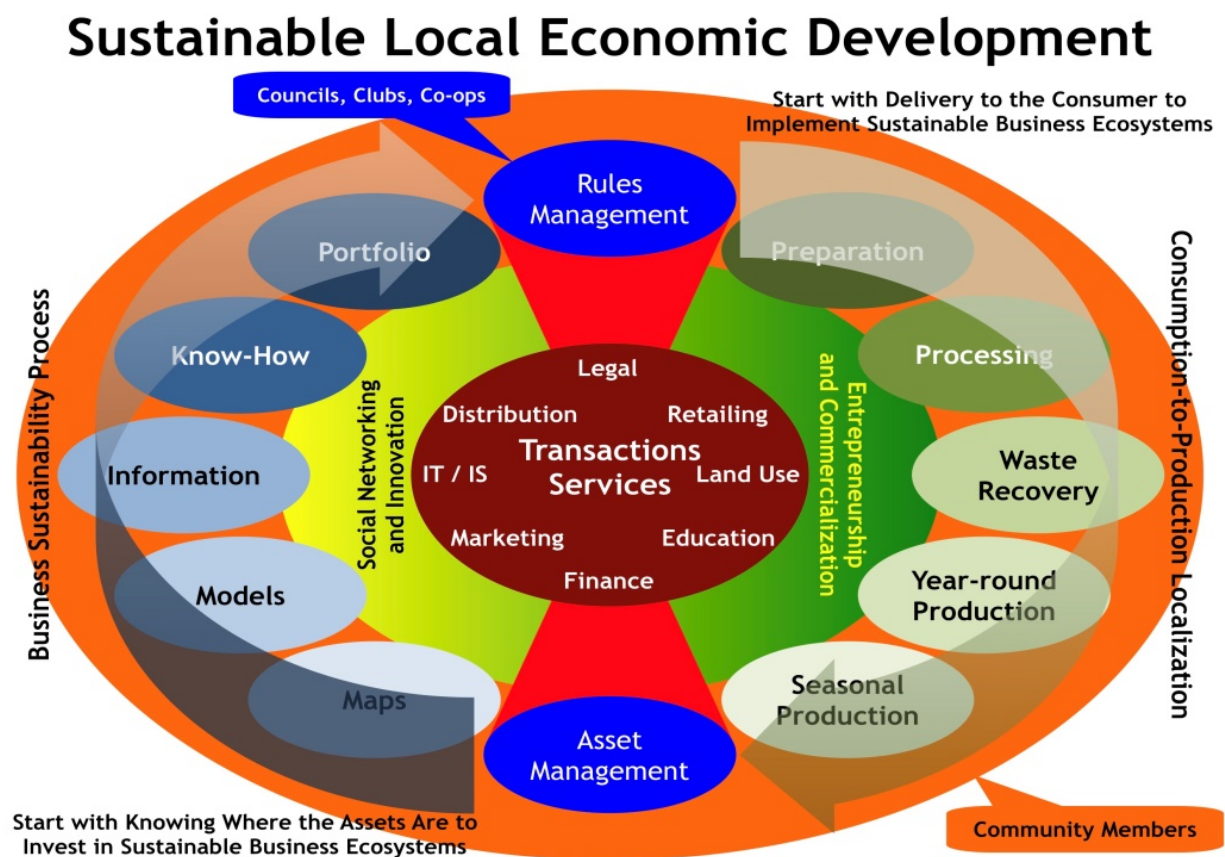
Second, by developing new technologies and sustainable solutions, Europe can be at the forefront of future economic growth and become a global leader **in an increasingly digitalised world**, including in key areas for its technological sovereignty such as cybersecurity, artificial intelligence and 5G. Digital technologies are a key enabler of the European Green Deal.

Third, the Union needs to complete its Economic and Monetary Union to ensure that all economic tools are ready and available should there be a significant adverse economic shock. The international role of the euro must be strengthened to enhance Europe's clout in the world and on global markets and to help protect European firms, consumers and governments from unfavourable external developments. A vibrant and resilient Economic and Monetary Union, resting on the solid foundations provided by the Banking Union and the Capital Markets Union, is the best means to increase financial stability in Europe and thereby, the international role of the euro.

Fourth, the new economic agenda must ensure that the transition is fair and inclusive and puts people first. **It must pay particular attention to the regions, industries and workers who will have to make the largest transitions**".

At the local level, SG is assimilated to Sustainable Local Development (SLD)^[5], understood as a process of improvement of the economic, social and environmental situation of a given area (region, city or district), based on the use of endogenous resources (including social capital) in order to improve the well-being and quality of life of its population. The most characteristic element of the concept is found in endogenous resources, which take advantage of the economic and social dynamics of a specific territory, so that its past and future is intrinsically related to its use.

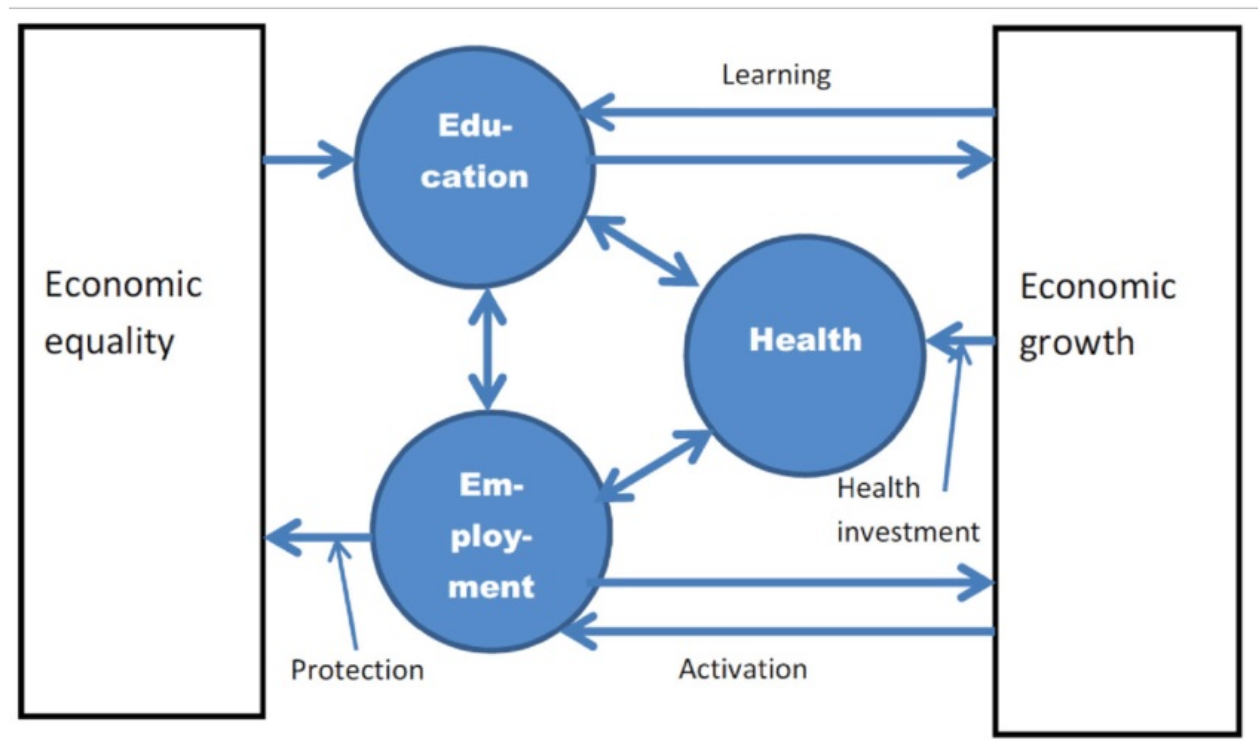
Figure 2: The paradigm of Sustainable Local Economic Development



3. The *social investment* discourse

Social Investment - not to be confused with Socially Responsible Investing (SRI)^[6] - is a new approach in social policy thinking, which holds promise for current economic and political realities by transcending traditional consumption-based social services and cash transfers to emphasise the need for policies and programmes that enhance people's capabilities to participate fully in the productive economy and realize their potential. It is characterized by social spending that aims for a productive function, by enabling economic participation. This approach encourages employment, self-employment and asset accumulation, as well as long-term investments in human and social capital, to generate positive rates of return to the economy^[7].

Figure 3: Social Investment policies



Social Investment is also a key priority of the EU 2020 Agenda, as explained in the European Commission's [Communication on Social Investment for Growth and Cohesion](#)

"Social investment is about investing in people. It means policies designed to strengthen people's skills and capacities and support them to participate fully in employment and social life. Key policy areas include education, quality childcare, healthcare, training, job-search assistance and rehabilitation".

At the local level, Social Investment is based on the idea that *local* economic development is a function not only of entrepreneurship and financial capital but also of *social* initiatives that foster and support economic development. In this respect, regions and municipalities are strong Social Investment advocates through the use of funds for physical, digital and environmental investment, for developing skills and qualifications (particularly of individuals with complex social problems, such as low qualifications, outdated skills and unemployment) and for combatting poverty and social exclusion^[8].

4. The *social pacts* discourse

Social Pacts or National Tripartite Agreements are the outcomes of a solid social dialogue process which leads to wider social compromise between national governments, social partners (trade unions, employers' organizations) and sometimes other civil society organizations over the principles and rules in the social and economic area, including the labour market, addressing not only economic issues, but also (equally) social questions (as qualifications, local recovery, literacy, unemployment etc.)^[9]. They can be defined as^[10]:

“a set of formal or informal agreements between representatives of governments and organized interests who negotiate and implement policy change across a number of inter-connected policy areas”.

Social Pacts are usually classified in two thematic categories^[11]:

- horizontal pacts are those that cover different policy fields at the same time, and thus consist of complex package deals simultaneously and explicitly agreed on by the parties involved;
- longitudinal pacts are those that consist of separate deals on a limited number of issues, agreed on at different times, one after the other, with no explicit link between them but with similar effects to those of horizontal pacts.

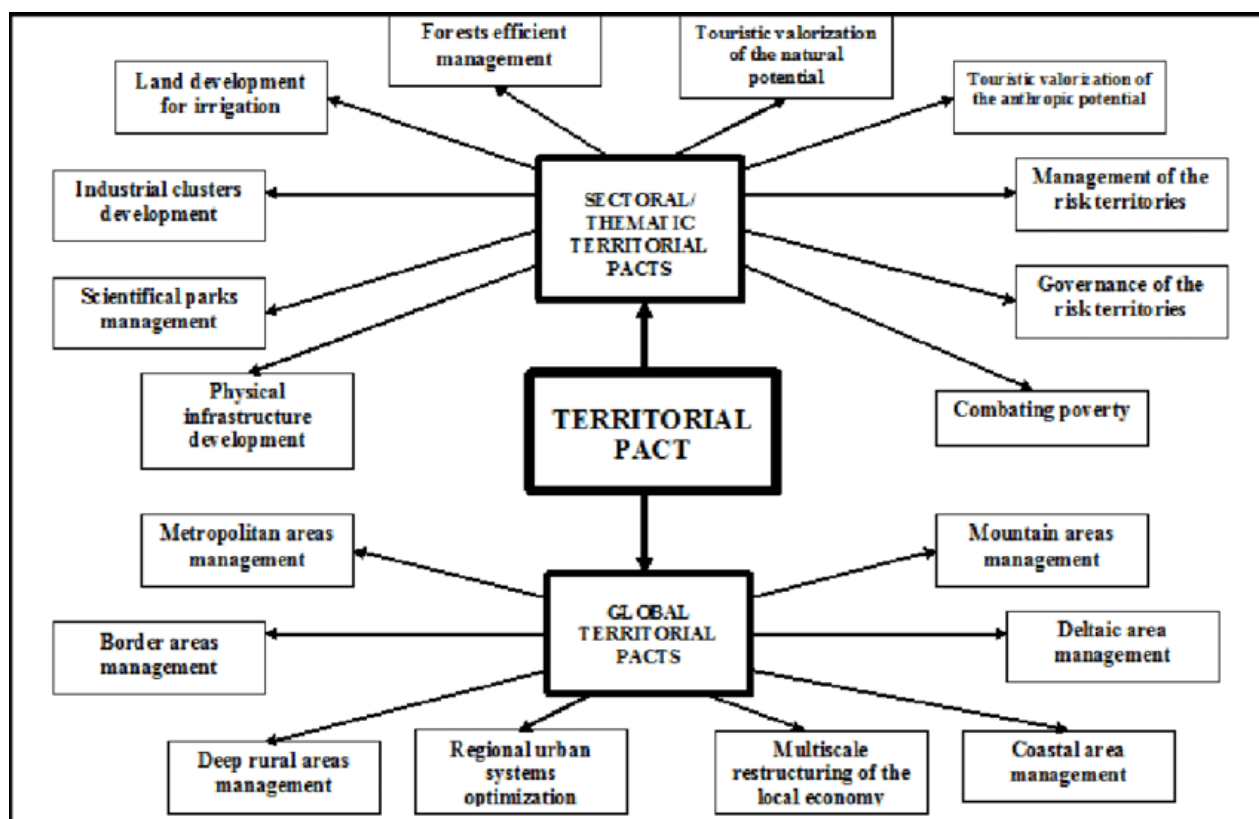
At the local level, policy makers and stakeholders are not in principle involved in the formulation of social pacts^[12], but they focus on the development of the so called Territorial Pacts, defined as^[13]:

“A concept of negotiated planning of regional / local development that joins other concerted actions: contracts, the district contracts and the agreement programme, using the bottom-up approach. It is wide network of stakeholders in the territory willing to plan and implement projects impacting on the level of development in local area”.

Territorial Pacts represent a sui generis concept of local development, and promote through bottom-up approaches sustainable growth objectives by building partnerships between public and private actors; they are usually classified in two thematic categories:

- *distributive* pacts concern initiatives where local actors do manage to have access to resources and distribute them over the territory, but they do not necessarily improve their mutual relationship;
- *integrative* pacts concern initiatives where consultation process are improvement on, or it generates from stable cooperative and trustworthy coalition between local actors.

Figure 4: Key aspects of Territorial Pacts



At the EU level, the concept of Territorial Pacts^[14] is quite different from national narratives. During the Europe 2020 Strategy implementation process, reference should be made to the broader ecosystem of the so called *Territorial Pacts for Europe 2020*, defined as^[15]:

“A Territorial Pact for Europe 2020 is an agreement between a country’s tiers of government (local, regional, national). Parties signing up to a Territorial Pact commit to coordinate and synchronize their policy agendas in order to focus their actions and financial resources on the Europe 2020 Strategy goals and targets”.

A Territorial Pact should allow a country’s national, regional and local governments to draft and implement the Europe 2020 National Reform Programme in partnership and to monitor its progress. To this end, a Territorial Pact should aim at:

- setting national and possibly regional targets, with recourse, when necessary, to indicators and targets other than GDP;
- implementing one or several flagship initiatives;
- identifying obstacles to the achievement of the targets at national level.

Although the scope of Territorial Pacts for Europe 2020 might seem ambitious, multilevel agreements aimed at achieving socio-economic goals have been established during the past decade in a number of different countries, for instance Austria (Territorial Employment Pacts 2007-2013), Belgium (Flanders in Action Pact 2020), the UK (The Greater Nottingham Partnership), France (Territorial Pact for Inclusion), Germany (The BMBF Innovation Initiative Entrepreneurial Regions) and Spain (Catalonia’s territorial pacts for the countryside). These examples vary widely in terms of:

- the tiers of administration involved (local, regional, national, European);
- the nature of the partnership (vertical or horizontal);
- the type of remit (setting guidelines or delivering);
- the area of action (very broad or specific);
- the sectors involved (examples include: delivering services for citizens or for enterprises; and promoting administrative simplification);
- the duration of the agreement (temporary or permanent);
- the funding (European, national, local or private; no funding).

5. How did the GSIP Project take advantage of these key discourses?



Picture 1: The GSIP Project in action

The following Table summarizes the impact of the above mentioned discourses on the design and implementation phases of the GSIP Project so far (March 2018 - April 2020), and confirms that the overall GSIP model has adopted key principles and tools of the discourses^[16].

Discourse	Design phase	Implementation phase
I. Sustainable Growth	Project rationale, aims and objectives	Pilot implementation of the GSIP 1 Model Implementation of the GSIP 1 Model
II. A. Sustainable Local Development	Project rationale, aims and objectives Project Work Packages	Pilot implementation of the GSIP 1 Model Implementation of the GSIP 1 Model Implementation of the GSIP 2 Model
II. Social Investment	Project rationale, aims and objectives Project Work Packages Project funding	Pilot implementation of the GSIP 1 Model Implementation of the GSIP 1 Model Implementation of the GSIP 2 Model
III. Social Pacts	-	-
III. A. Territorial Pacts	Project rationale, aims and objectives Project partnership	Pilot implementation of the GSIP 1 Model Implementation of the GSIP 1 Model Implementation of the GSIP 2 Model

It is now evident that the overall GSIP model is a solid paradigm of the advantages that the coordinated use of the three key discourses may create during the design and implementation of local jobs and skills agendas. In this context, *GSIPs* are used:

- as comprehensive tools of local authorities to improve companies' growth (Sustainable Local Development);
- as instruments that promote better match of skills needs and supply (Social Investment);
- as mechanisms that provide incentives to create new jobs (Social Investment);
- as opportunities to discuss and develop broader local partnerships on jobs and skills (Territorial Pacts).

Notes

[1] Discourse itself therefore should be understood not only as embodying ideas about the substantive content of the GSIPs but also as reflecting the policy debates and discussions surrounding the formulation of those pacts and representing the interactive processes of coordination and communication that generate these local driven initiatives.

[2] The most often cited definition of the concept is the one proposed by the World Commission on Environment and Development's 1987 Brundtland Report ' *Our Common Future* ', which defines sustainable development as development that meets the needs of the current generation without compromising the ability of future generations to meet their own needs. See A Schaefer & A. Crane, Addressing sustainability and consumption, *Journal of Macromarketing*, 2005, 25(1), 76–92 and J. Mensah & S. Ricart Casadevall, Sustainable development: Meaning, history, principles, pillars, and implications for human action: Literature review, *Cogent Social Sciences*, 2019, 5 (1).

[3] European Commission, Communication on *EUROPE 2020 - A strategy for smart, sustainable and inclusive growth*, COM(2010), 3.3.2010.

[4] [COM\(2019\) 650 final](#).

[5] J. Milán-García, J. Uribe-Toril, J. Luis Ruiz-Real and J. de Pablo Valenciano, Sustainable Local Development - An Overview of the State of Knowledge, *Resources*, 2019, 8, 31, [www.mdpi.com › pdf](#).

[6] SRI is an [investment](#) that is considered socially responsible due to the nature of the business the company conducts. Common themes for socially responsible investments include socially conscious investing. Socially responsible investments can be made into individual companies with good social value, or through a socially conscious mutual fund or exchange-traded fund.

[7] J. Midgley, E. Dahl and A. Conley Wright (eds.), *Social Investment and Social Welfare - International and Critical Perspectives*, Edward Elgar Publishing, 2017.

[8] S. Oosterlynck, A. Novy and Cazepov Y. (eds.), *Local Social Innovation to Combat Poverty and Exclusion - A Critical Appraisal*, Policy Press, Bristol, 2019.

[9] S. Avdagic, M. Rhodes and J. Visser (eds.), *Social Pacts in Europe - Emergence, Evolution, and Institutionalization*, Oxford University Press, Oxford, 2011.

[10] D. Natali and P. Pochet, The Evolution of Social Pacts in the EMU Era: What type of Institutionalization?, *European Journal of Industrial Relations*, 2009, 15(2): 147-166.

[11] P. Pochet, M. Keune and D. Natali (eds.), *After the euro and enlargement - social pacts in the EU* European Trade Union Institute / European Social Observatory, Brussels, 2010.

[12] L. Baccaro and J. Galindo, *Are Social Pacts Still Viable in Today's World of Work?*, International Labour Office, Geneva, 2018.

[13] D. Antonescu, Territorial Pacts in context of Europe 2020, *Procedia - Social and Behavioral Sciences* 2015, 188: 282 - 289.

[14] In the late 1990s the European Commission launched an initiative called "Territorial Employment Pacts" (TEPs), defined as contractual alliances between protagonists from various sectors on local level in order to develop innovative measures for job creation and job protection in their area.

[15] Committee of the Regions, *Territorial Pacts - Making the Most of Europe 2020 through Partnership* Brussels, 2010.

[16] It should be noted here that the Vantaa concept deals with social and growth investment 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 learning skills, sales skills, how to cope in change, degree studies, etc.).

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