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Author(s): Helin, Jouni; Hirvonen, Joonas; Koerselman, Kristian; Siekkinen, Taru

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Work and studies in Finland during COVID-19

Jouni Helin. Project researcher: Finnish Institute for Educational Research, University of Jyväskylä, Finland. jouni.t.helin@jyu.fi

Joonas Hirvonen. Doctoral student: Jyväskylä University School of Business and Economics, University of Jyväskylä, Finland. joonas.m.a.hirvonen@jyu.fi

Kristian Koerselman. Senior researcher: Finnish Institute for Educational Research and Jyväskylä University School of Business and Economics, University of Jyväskylä, Finland. kristian.w.koerselman@jyu.fi

Taru Siekkinen. Postdoctoral researcher: Finnish Institute for Educational Research, University of Jyväskylä, Finland. taru.siekkinen@jyu.fi

More than half of Finnish university students work during the academic year, and even more do so during the summer break [1]. The importance of work in Finnish student life raises important questions about what happens when many job opportunities disappear. This, for example, happened in 2020, when the COVID-19 pandemic caused a reduction in economic activity. In Finland, the number of new job vacancies decreased and unemployment increased especially among young people [2]. In this article, we draw on our own experiences, on an expert interview, and on national register data to show how under appropriate student finance schemes, universities can mitigate student unemployment risk and foster study progress even at times of great societal uncertainty.

Why work?

Even though most Finnish university students have been working already prior to their studies, they also work during their studies in order to gain further labor market experience [3]. Using Finnish data, Häkkinen [4] shows that working while studying causes better labor market outcomes immediately after graduation. This is however something of a double-edged sword. Time spent working is typically time that cannot be spent studying, and working while studying thus delays graduation itself, resulting in a zero net labor market benefit to students.

A second reason why students work is to finance living expenses. At first glance, it is not clear that this would be necessary in Finland as Finnish university students receive government financial support during their studies, including student grants, housing supplements, and government-guaranteed student loans. Finnish students are furthermore not required to pay tuition fees. In spite of this, nearly half of students report having at least some difficulties covering all of their expenses, with the main expense being housing [3]. When students cannot work, they must thus find a different way to finance their studies.

COVID-19 and student employment in Finland

Reported Finnish COVID-19 cases started to rise quickly in early March 2020. On March 16, the Finnish government declared a state of emergency and announced multiple measures to prevent the further spread of the virus. Public facilities such as schools and universities were closed, and had to move to online teaching. Public meetings were limited to 10 persons, and travel was restricted across internal and external borders. Following a decline in the number of daily new cases, most of these restrictions had been lifted by July. While the economic impact of COVID-19 has been smaller in Finland than in the eurozone as a whole, Finnish unemployment rose quickly during the first half of the year, and by June 2020, youth unemployment was at twice the level it had been a year earlier [2].

Students' labor income reduces the level of student financial aid they can receive. At the same time, financial aid is tied to course completion. Students thus face a choice in allocating their time between work and studies. One should expect a lack of immediate labor market opportunities to increase both the time students have available to spend studying, and the financial necessity to do so. Indeed, student financial aid applications increased by over a third in summer 2020 compared to the year before [5], suggesting that many students were reallocating time from work to studies. This mechanism can however fail when courses are cancelled en masse. Furthermore, Finnish universities normally only supply limited numbers of courses during the summer break.

Universities respond

Although in theory, Finnish university students could easily substitute work with studies when job opportunities disappear, it requires universities to react quickly to new circumstances. In our own experiences, this is exactly what happened in Finland — a point of view shared by the dean of the Jyväskylä University School for Business and Economics. At the business school, most immediate problems related to moving teaching and research online had been solved by the end of March, and the attention then shifted to longer term planning. Lecturers were asked whether they could consider teaching extra courses during the summer break, when students might find themselves without a job, and many lecturers did. Different scenarios for fall term teaching were also prepared already in spring. Other universities similarly expanded their course offerings [6].

The switch to online teaching was hard on some students, but created new opportunities for others. Online teaching allowed extra students to be added to otherwise oversubscribed courses, and students living outside of Jyväskylä were able to take courses they had not originally been able to take. From the university's perspective, what started out as a crisis soon began to look more like an opportunity. Students demanded more teaching, and the university was able to supply it.

When we examine study progress at the national level, we see a pattern that corresponds to our own experiences. We measure study progress using data on study credits attained [7] and on the number of students enrolled [8] in all Finnish universities between 2016 and 2020, and find

that monthly credits per student were 2–3% higher nationally for the end of the spring term 2020 compared to the same months in earlier years, and 18–20% higher for June and July [9].

Conclusions

Finnish students routinely work while studying, especially during the summer months. Such employment can be beneficial to students by providing relevant work experience as well as desired extra income. The number of jobs available to Finnish students however rapidly declined during the first half of 2020 as a consequence of the COVID-19 pandemic, and unemployment consequently increased.

Our experiences from spring and summer 2020 illustrate that a flexible student financing system can dampen labor market shocks by allowing students to substitute studies for work. This however requires higher education institutions to increase course offerings and respond quickly and flexibly to changing circumstances. Since working while studying delays graduation, and is thus not unambiguously beneficial to students even in normal times, consideration should be given to expanding course offerings also during future summers, especially since courses can now reliably be held online.

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[6] See e.g. Tampere University: A variety of studies offered in the summer of Covid-19. https://www.tuni.fi/en/news/variety-studies-offered-summer-covid-19 and University of Eastern Finland: Yliopistot avaavat avointa opintotarjontaansa tutkinto-opiskelijoille (Universities opened their course offers to degree students). https://www.uef.fi/fi/artikkeli/yliopistot-avaavat-avointa-opintotarjontaansa-tutkinto-opiskelijoille

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[9] A limitation of this comparison is that we do not know whether these changes were caused by the response to COVID-19 specifically. See the Online Appendix for a description of our calculations: https://osf.io/sxca2