



Industrial relations **Finland: Developments in working life 2017**

*Developments in working life in Europe:
EurWORK annual review 2017*

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Political context affecting working life aspects

The centre-right Government of Prime Minister Juha Sipilä underwent a crisis in June 2017 as the party congress of the junior government partner, the populist Finns Party, elected controversial new leaders; notably, two of the four new leaders have been convicted for hate speech. The coalition government partners, the Centre Party of PM Sipilä and the centre-right National Coalition Party said it was impossible to continue governing with the new leadership, and the Government almost resigned. However, the Finns Party subsequently split into two factions, and the runaway members, opposing the new party leadership, were welcomed back to government. This provides the government with a relatively narrow majority of 105 out of 200 members of parliament.

Social partners reactions following changes in governments

There were no general elections and no change of government in Finland in 2017. Local government elections took place in April 2017 but spurred no significant reactions from the social partners. Presidential elections will take place in January-February 2018.

Labour market reforms or major packages of working life regulations

Employment policy remains a priority of the Sipilä Government, and reforms are ongoing in both its contents and its structures. In mid-December, the proposal on the ‘active unemployment model’ passed in Parliament. The model entails a cut-down in unemployment benefit if the unemployed has not been in any type of limited short-term employment or self-employment during the duration of their unemployment, or participated in active PES measure. The Government also introduced a legislative proposal to regulate zero-hour contracts, including securing the employee’s right to sick leave and unemployment benefit. There are plans to increase support to long-distance commuters, self-employed and entrepreneurs, and a reform of family leaves is underway.

The government is furthermore preparing a major reform to health, social services and regional government. The reform entails the creation of regional governments as a new level of public administration, and healthcare, social services and public employment services will be transferred from local governments to regional governments. The Centres for Economic Development, Transport and Environment (ELY Centres) and the current structure for public employment services (TE Offices) will be dismantled, and public employment and entrepreneurial services will instead be organised by regional governments and offered mainly by private players and corporatised public players. As of December 2017, implementation of the reform has been postponed from January 2019 to January 2020, while the first regional government elections are to take place in October 2018.

Developments in industrial relations 2017

Changes affecting the national-level actors and institutions of industrial relations and social dialogue in 2017

Representativeness

There have been no changes in the way in which representativeness of social partners is regulated or assessed.

Actors

The Confederation of Finnish Industries (EK) announced in February that it would terminate most peak-level agreements with trade unions. This follows [a change in EK's internal rules](#), which came into force in May 2016. The 22 agreements to be ended include provisions on holiday pay and the position of employee representatives. Many sectoral collective agreements contain similar provisions, but small sectors especially have often relied on peak-level agreements on such matters. Trade unions were outraged by EK's decision, while EK argued that the intention had been made public long ago.

The [merger of three industrial trade unions](#), the Finnish Metalworkers' Union (Metalli), Industrial Union (TEAM) and the Woodworkers' Union (Puuliitto) was signed in May. The merger was implemented by Metalli changing its name to the Finnish Industrial Union (Teollisuusliitto), and TEAM and Puuliitto disbanding and merging in the new union at the end of 2017. Teollisuusliitto will have a total of 226,000 members, which makes it the second largest union in the country after Trade Union United PAM (231,000 members), and will represent some 75% of all export industry employees.

On the employer side, the Employers' Federation of Road Transport (ALT) will quit EK in January 2018. ALT states that since EK no longer participates in collective bargaining following the internal change of rules, membership does not benefit ALT, which manages its own interest advocacy. ALT has approximately 700 member companies with 24,000 employees. After the secession, EK will have 24 member organisations representing 16,000 companies with 900,000 employees. In 2016, EK was deserted by another member organisation, the Finnish Forest Industries Federation (Metsäteollisuus), which claimed to want better targeted interest promotion.

Institutions

There were no significant changes to the main social dialogue institutions.

Changes in the social dialogue processes

There were no significant changes in the practice of national-level social dialogue processes.

National social dialogue in 2017 – Scope and Contribution

Main social dialogue topics and outcomes in 2017

| Themes | Description of issue | Code(s)-interaction | Type of Interaction | Code(s)-Outcome | Outcome |
|---|--|---------------------|---|-----------------|---|
| General labour market topics | | | | | |
| Job creation, reduction of unemployment, active labour market policies, labour market participation of different groups | Active labour market policy measures, where unemployment benefit decreases if the unemployed is not found active enough in job seeking and employment promoting activities. | 3, 8 | The social partners have given statements on the law proposal and lobbied for (employer side) and against (trade unions) it. Tripartite consensus on employment solutions was unsuccessfully sought in a working group in 2016. | 2, 3 | Some measures passed, others still being prepared or debated. |
| Skills, training and employability | A reform of vocational education and training , including a reform of adult education and a new on-the-job learning model, designed in order to achieve cost savings and speed up school-to-work transitions | 2, 3 | The social partners have participated in the design of the reform both through continuous exchange and negotiations and through formal consultations. | 2 | The reform was implemented in January 2018. |
| Pension reforms | | | | | The pension reform negotiated in 2014 by the social partners took effect in January 2017. |

| Themes | Description of issue | Code(s)-interaction | Type of Interaction | Code(s)-Outcome | Outcome |
|--|---|---------------------|---|-----------------|--|
| Working life related themes | | | | | |
| Wage setting systems, including the setting of minimum wages (but excluding the ‘regular’ annual debates about the determination of the level of the new minimum wage) | The social partners negotiated to agree on a ‘Finnish wage model’ where pay raises in export industry sectors would set the limits for other sectors. | 7 | Negotiations between social partners in export industry for an overarching agreement, later collective bargaining per sector | 7 / 8 | The negotiations for an overarching agreement for all export sectors were terminated without agreement. The ongoing collective bargaining round is likely to reach a comparable solution without a coordinating agreement. |
| Working time regulations | Major revisions underway in order to accommodate for increasing flexibility of working time and place, as well as work-life balance for employees | 2 | Tripartite negotiations in a working group to prepare a basis for a legislative proposal | 3 | Final report from working group inconclusive, opposition on different points from all peak-level organisations. Government law proposal nonetheless to be presented to Parliament in spring 2018. |
| Terms and conditions of employment, including different forms of contracts | Citizens’ initiative to forbid zero-hour contracts. | 3, 8 | Many trade unions actively supported the citizens’ initiative. Social partners on both sides were heard during the legislative process. | 7 | The citizens’ initiative was voted down in Parliament. Government later proposed legislation to regulate zero-hour contracts. |
| Health, safety and well-being at work | #MeToo campaign and sexual harassment at work | 1 | Public debate on harassment in media, informal tripartite exchange | 6, 7 | The social partners issued a joint statement against harassment . Exchanges continue. |

| Themes | Description of issue | Code(s)-interaction | Type of Interaction | Code(s)-Outcome | Outcome |
|---|---|---------------------|---|-----------------|--|
| Work-life balance related themes, incl. family leaves | Reform of family leaves underway, included in government budget proposal 2018 | 8 | All peak-level social partners have been lobbying for a reform individually as well as jointly, including through a joint statement | 7 | The reform will be prepared through tripartite negotiations and is hoped to be implemented in 2019 |

No major social dialogue debates were held on the following themes: Benefits (unemployment, sickness schemes, minimum income); Taxation and non-wage related labour costs; Pension reforms

Note: Codes for ‘*Type of interaction*’: **1** - Tripartite debate; **2** - Tripartite negotiation; **3** - Formal consultation of both social partners; **4** - Formal consultation of trade unions; **5** - Formal consultation of employers organisations; **6** - Bipartite debate; **7** - Bipartite formal negotiations; **8** - Lobbying from at least one side; **9** – Type of interaction unknown.

Codes for ‘*Outcome as per 1.1. 2018*’: **1** - Unilateral decision by government; **2** - Legislation passed; **3** - Legislation prepared (in legislative process, not concluded); **4** - Tripartite agreement or joint position reached; **5** - Bipartite agreement reached; **6** - Joint opinion of social partners reached; **7** - Issue not closed, ongoing exchange; **8** - Issue dropped, no concrete outcome, no further exchange; **9** – Outcome unknown, none of these types.

Selected major social dialogue debates

'Active employment model' highly unpopular

The government's so called '[active employment model](#)', entering force in January 2018, entails deductible unemployment benefit days and a lowered unemployment benefit, if within a period of three months the unemployed has not had at least 18 hours of paid employment, made profit of at least around €250 through entrepreneurial activity, or participated in at least five days of active PES measures. The Government argues the policy will encourage the unemployed to take up part-time and short-term jobs.

The centre-right Government of PM Juha Sipilä set in spring 2016 a tripartite working group to propose policy measures that would reduce the number of unemployed by 10,000 people. The working group was inconclusive, with both the employer and the employee side marking their reservations in the [final report](#) presented in October 2016. The Government nevertheless chose to use the final report as a starting point for developing employment policy measures, and the proposal on the active unemployment model was introduced by the Government in April 2017. The social partners on both sides submitted their formal statements regarding the proposal. The proposal passed the vote in Parliament in mid-December 2017.

Employer organisations, while supportive of active employment policies in general, find the model administratively burdensome and relatively inefficient. Employers are not directly involved in the administration of the instrument – the employer organisations are in this context mainly concerned about public spending. Meanwhile, trade unions and the opposition judge the model unfair, especially as it does not recognise that availability of work and of PES varies across the country. Some trade unions are considering political strikes, and a citizens' initiative calling for the cancellation of the model gathered in one week 50,000 supporters required to be passed on to Parliament. The second part of the model, which has not yet passed in Parliament, would increase the administrative burden also for employers, as unemployed jobseekers would be obliged to apply for on average one job per week. Employers (and trade unions) fear this would lead to a flood of poor quality applications to any open posts, and consequently to employers no longer posting job openings.

Family leave system finally to be reformed

A reform of the parental and family leave system has been debated for some years, as the current system is considered outdated in terms of gender equality and women's employment. During 2016-2017, the political parties and the social partners have each published their own model for a new system, and the models of trade unions and employers' organisations do not significantly differ from one another. Most of the suggested models aim at

- a more even distribution of types of family leave between parents, through extending the proportion earmarked to the father and raising the amount of the parental allowance;
- encouraging parents', especially mothers', earlier return to work and enrolling the child in early education; and
- facilitating flexible part-time arrangements for parents.

However, preserving the 'families' freedom of choice' regarding childcare – that is, avoiding earmarks and retaining the home care allowance system – was a sensitive issue for the Centre Party of PM Juha Sipilä, and a key question for the government's junior partner, the populist Finns Party. The reform could be initiated after the split of the Finns Party in June 2017, as the section remaining in government (a new party named 'Blue Reform') has grown more lenient to a reform.

In mid-August 2017, the social partners published [a joint statement hurrying the government to initiate the reform](#). The initiative was subsequently included in the government's budget

proposal for 2018. The reform will be prepared in cooperation with the social partners, and is supposed to be implemented in 2019.

Unilateral government actions – without social dialogue

There have been no major cases of government unilateral action. The current preparations for reforming working time legislation is based on an inconclusive tripartite report, with which neither employers nor trade unions were satisfied.

Changes affecting the sectoral and company level social dialogue 2017

The [withdrawal of the Confederation of Finnish Industries EK from central-level bargaining](#) in 2016 has implied that collective bargaining in 2017 has taken place at sector-level only, instead of central and sectoral levels as in previous years. Sectoral agreements being negotiated in autumn 2017 and spring 2018 are thus not coordinated or restricted by centralised agreements.

There were no relevant changes in legislation or in institutions affecting collective bargaining and social dialogue at sector-level or company-level.

Innovation in collective bargaining

Many collective agreements negotiated during autumn 2017 include increased flexibility for negotiating pay, working time or other conditions at the local level (company or unit level). Such [local bargaining has been strongly driven by employer organisations](#) and supported by the Government of PM Juha Sipilä.

The collective agreement of electricians working in the technology industries was in the bargaining solution of November 2017 included as an annex in the collective agreement signed by the Technology Industries of Finland and the Finnish Industrial Union (Teollisuusliitto, prev. Metalworkers' Union). Previously, the agreement, covering some 1,000 employees, was signed independently by the Finnish Electrical Workers' Union (Sähköliitto), but the employer side wanted to streamline the negotiating structures. Sähköliitto opposed the change, fearing it would lead to worsening employment conditions and lower pay, and instigated a one-week strike. The union finally agreed to the merger of the agreements on the condition that it will retain 'contact persons' at workplaces, as a replacement for shop stewards who can only be instituted by the signatory trade union – that is, by Teollisuusliitto. Apart from what regards the shop stewards, the contents of the electricians' agreement did not change.

Collective labour disputes in 2017

There were no significant changes in the regulation of collective disputes in Finland in 2017.

The sectoral collective bargaining round of autumn 2017 – spring 2018 has as of early January 2018 entailed collective labour disputes with industrial action in a few sectors, of which the ski resort business dispute was somewhat unusual in that it involved a lockout. The dispute resulted from diverging demands of employers and employees regarding pay raises, as the trade union demanded a higher raise than the 'standard' agreed in several other sectors. The employer side in response initiated a lockout, which lasted for a week in December before the National Conciliator managed to find a mutually acceptable solution. [Analysts speculated](#) that the lockout might signal employers' increasing readiness to industrial action.

Working time 2017

[Working time legislation in Finland is currently being revised](#) ‘to the needs of the 2020s’, as the current [Working Hours Act](#) from 1996 is generally considered outdated. A tripartite working group presented a [reform proposal](#) for the Working Hours Act and the [Annual Holidays Act](#) in June 2017. The proposal aims to secure flexible working time arrangements to meet the needs of different kind of employers, as well as to ensure a good work–life balance for employees. The new act should, among other things, include provisions for a working time model for flexi-work arrangements where employees work at a time and place of their choosing. Such arrangements would primarily be based on mutual trust between the employer and employee. However, the working group reached no consensual conclusions, and the report included opposition on different points from all the peak-level organisations. While the Confederation of Finnish Industries (EK) did not find the proposal flexible enough, the Central Organisation of Finnish Trade Unions (SAK) and the Finnish Confederation of Professionals (STTK) found the proposal precarious from the employees’ point of view. The government’s objective is to present a legislative proposal to parliament in the spring of 2018.

Health and well-being at work 2017

Physical working environment

There have been no significant developments regarding the regulation of physical risks at work. The main change has been the extension of the occupational health services to dismissed employees, for a duration of six months from the moment the dismissal takes effect. The requirement, in force since January 2017, applies to employers with 30 or more employees, and is a consequence of the tripartite Competitiveness Pact signed in 2016.

Psychosocial working environment

There have been no concrete developments regarding the regulation of psychosocial risks at work. However, following the worldwide #MeToo campaign, the issue of sexual harassment, including harassment experiences at work, has been lifted on the political agenda and is being discussed. Victims have initiated the discussion of sexual harassment at work in sectors such as performing arts, commerce, church, law, healthcare and defence. The Parliament organised an internal debate on the subject, the Ministry of Justice has initiated a campaign against harassment, and the Government invited key stakeholders and experts to a roundtable discussion to identify concrete measures against harassment in working life. The peak-level social partners also published a [joint statement against workplace sexual harassment](#).

Employment status 2017

| Type of Contracts | Changes made during 2017. |
|---------------------------------|---|
| ‘Standard’ employment contracts | The maximum duration of qualifying periods was extended from four to six months. Employers’ re-employment obligation following redundancy was reduced from nine months to four months (six months for employment relationships of 12 years or more). These changes were introduced in the Employment Contracts’ Act (55/2001) in 2016 and entered into force in January 2017. |
| Self-employed | The entrepreneurs’ sick-leave deductible was reduced from four days to one day . The changes were decided upon in 2017 and entered into force in January 2018. |

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|--------------------------|--|
| Fixed term contracts | Employers are allowed to hire long-term unemployed people (registered as unemployed with PES for 12 consecutive months) on fixed-term employment contracts without having to justify the fixed-term duration . Previously fixed-term contracts have required an acceptable justification. The changes were decided upon in 2016 and entered into force in January 2017. |
| Temporary agency workers | No major changes. |
| Posted workers | No major changes. |
| Seasonal workers | The EU directives 2014/36 and 2014/66 on the conditions of entry and stay of third-country nationals for the purpose of employment as seasonal workers and in the framework of an intra-corporate transfer were integrated in legislation . The main content of the reform was equal treatment of such third-country nationals as compared to Finnish nationals, which implies changes in the legislation concerning healthcare, social security and employment. The changes were decided upon in 2017 and entered into force in January 2018. |
| Zero hour contracts | No changes made as of yet. The citizens' initiative to forbid zero-hour contracts was voted down in Parliament in March 2017, but the government instead made a legislative proposal to regulate such contracts . The proposal outlines the correct use of zero-hour contracts, requirements on the employer to make estimates of work needs, and provisions regarding sick leave and unemployment security. |

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