

No. 154

Article 22 of the Constitution of the ILOReport for the period 1 June 2014 to 31 May 2023, made by the **Government of Finland**

on the

Collective Bargaining Convention, 1981 (No. 154)

(ratification registered on 9.2.1984)

I LEGISLATION AND REGULATIONS*Article 5*

Provisions on voluntary conciliation entered into force on 1 March 2023.

Under section 9a of the [Act on Mediation in Labour Disputes \(420/1962\)](#), the national conciliator or a conciliator appointed by the national conciliator may, at the request of a party or parties to the labour dispute, initiate voluntary conciliation if all parties agree to it.

The conciliator shall, without delay, communicate the request referred to in subsection 1 to the parties that have not requested conciliation. The parties shall be asked to give their consent to the initiation of the conciliation procedure and they shall be given an opportunity to submit a written statement following the request. The conciliator shall consider, on the basis of the request and statements of the parties, whether to initiate a conciliation procedure. With the exception of the provisions of section 10, subsection 3, the provisions of sections 10–12 on conciliation shall also apply to voluntary conciliation.

Section 10, subsection 2 of the Act was also amended in order to obligate parties prepare themselves for the negotiations. A party must provide the conciliator within a reasonable period set by the conciliator, before the negotiations begin, with a written account of the subject of the dispute, its content, the claims presented in the case and any other information considered necessary by the conciliator. A party may impose a condition that the information provided may not be disclosed to others without its consent. This encourages the parties to structure their views before negotiations. Advance information on the negotiation situation and the views of the parties will also facilitate the mediator's work and probably also speed up the mediation process.

Section 16 (109/2023) This Act shall not apply to any dispute concerning a collective agreement or a collective agreement for public officials that calls for consideration by the Labour Court or for arbitration in accordance with the terms of the agreement, with the exception of disputes mediated in voluntary conciliation in accordance with section 9a. After receiving evidence that this Act does not apply to a dispute in accordance with what is provided above in this section, the conciliator shall notify the parties thereof.

II Direct request

-

III Information on the practical application of the Conventions

Labour legislation is drafted on a tripartite basis, in collaboration with the organisations representing the interests of employers and employees.

During the government term of 2019-2023, the Ministerial Working Group on Promoting Employment, led by the Minister of Employment, guided the implementation of the Government Programme regarding employment promotion, labour market issues and the development of labour legislation. In addition, four tripartite sub-groups were operating under the ministerial working group, with representatives from the central labour market organisations, the Federation of Finnish Enterprises and other organisations. The sub-groups focused on the following issues: 1) the service structure of labour market policy, 2) services, benefits and inclusion, 3) regulation of working life, and 4) local collective bargaining.

Key reforms prepared by the sub-groups include the transfer of employment services to municipalities (TE 2024), the Nordic labour market service model, the pay subsidy reform, the work ability programme, measures related to work-based immigration and integration, and amendments to labour legislation from the perspective of the transformation of work. Labour legislation reforms were also prepared in separate tripartite working groups for the duration of the previous government term.

At the beginning of the coronavirus pandemic, the former Minister of Employment convened a working group consisting of senior management from labour market organisations and the Federation of Finnish Enterprises. The working group put forward proposals for securing the functioning of the labour market, preserving jobs, avoiding bankruptcies and securing the position of employees during the coronavirus crisis.

[Coverage of collective agreements in 2017/2018](#) (publication available in Finnish)

A study published in 2019 on the coverage of collective agreements between 2017 and 2018 indicated that two thirds of private sector employees in Finland work for employers belonging to employer organisations. According to the study, collective agreements cover 269,000 employees on the basis of general applicability. In 2017 and 2018, altogether 89% of all employees were covered by collective agreements. This means the coverage of collective agreements in Finland decreased only marginally from 2014.

The coverage of collective agreements refers to the ratio of those employed by organised employers to the total number of employees in the participating sector. In Finland, this ratio is a key determinant in decisions on general applicability. If 50% or more employees work for organised employers, the applicable collective agreement is considered generally applicable to all employment relationships in the participating sector.

The coverage of collective agreements in the private sector totalled 65% (66% in 2014). In other words, this was the percentage of private sector employees working for organised employers in 2017, which equates to nearly 945,000 employees (922,000 in 2014). Another 269,000 employees were covered by collective agreements under general applicability (306,000 in 2014), bringing the total number of private sector employees covered by collective agreements to almost 1,215,000 in 2017 (1,229,000 in 2014).

According to the employment statistics of Statistics Finland, the total number of private sector employees was approximately 1,449,000 in 2017. This means that 235,000 of them were not covered by universally binding collective agreements. Those covered by such agreements accounted for 84% of all private sector

employees. In the public sector, collective agreements cover all employees. When both the public and the private sector employees are taken into account, 89% of all employees were covered by collective agreements in 2017. In 2014, this figure was 92%.

See also the report on Convention no. 87.

IV

A copy of this report has been sent to the following labour market organisations:

1. The Confederation of Finnish Industries (EK)
2. The Central Organization of Finnish Trade Unions (SAK)
3. The Finnish Confederation of Salaried Employees (STTK)
4. The Confederation of Unions for Academic Professionals in Finland (Akava)
5. The Commission for Local Authority Employers (KT)
6. The State Employer's Office (VTML)
7. The Federation of Finnish enterprises

Central Organisation of Finnish Trade Unions SAK

SAK makes reference to its statements in the context of Conventions C 87, C 98 and C 135 and draws particular attention to the changes taking place in Finland's system of collective agreements and bargaining. Employers have evidenced a desire to do away with the current collective agreements with national coverage. The standing of trade unions and shop stewards has also been repeatedly challenged. SAK holds that taking into account the changes in Finland's labour market, the Government of Finland has failed to act to promote the realisation of bargaining in the changed circumstances.

Mediation of labour disputes

The Finnish system of labour dispute mediation is based on an approach of forced conciliation but not forced settlement. While the conciliator cannot order the labour dispute to end or the parties to settle, the parties are obliged to engage in negotiations conducted by the conciliator in order to arrive at a settlement. Under national legislation, a party must attend or send its representative to the negotiations ordered by the conciliator and provide the conciliator with the information considered necessary by the conciliator.

The lack of an effective system of sanctions has found its most tangible expression in the activities of conciliators. The refusal of employers in particular to engage in bargaining for national collective agreements and their attempt to instead negotiate collective agreements at the level of undertaking has challenged the current system of mediation and shined a spotlight on its shortcomings. The national conciliator, too, in several comments given in public, has raised the point that the conciliator lacks tools to compel the parties to engage in conciliation. The Finnish system of labour dispute mediation has become dysfunctional in part due to the employers' increasing unwillingness to engage in negotiations with workers at the collective level.

The Finnish Confederation of Salaried Employees (STTK)

The Finnish labour market has a long history of respect for the collective bargaining process. Terms of employment in Finland have long been broadly set in collective agreements between employers' and work-

ers' unions. However, since 2020 Finland has seen concerning developments in the right to collective bargaining and setting terms of employment, as employers have sought to break away from collective bargaining at the national level. The forest industry, a major export sector, no longer concludes national collective agreements. In the sector of technology industries, employers assigned collective bargaining to a new employers' association, which allowed undertakings to break away from national collective agreements. While collective agreements remained generally applicable in the technology industries, this step on the part of employers caused the collective agreement for the IT service sector, for example, to lose general applicability.

The basis of the Finnish labour market system has been for terms of employment to be determined on the basis of collective agreements that supplement labour legislation and several minimum terms - such as wages and salaries - to be governed by collective agreements. Attempts are now being made to undermine this long-working system. This is a worrying trend, considering the importance of collective agreements in safeguarding minimum terms of employment for workers.

The Confederation of Finnish Industries (EK)

EK considers that the ratified Conventions have been implemented appropriately in Finland