No. 158

REPORT
Article 22 of the Constitution of the ILO
Report for the period 1 June 2016 to 31 May 2021, made by the **Government of Finland**,
on the
TERMINATION OF EMPLOYMENT CONVENTION, 1982,
No. 158
(ratification registered on 30 June 1992)

I LEGISLATION AND REGULATIONS

Employment Contracts Act (55/2001)

The Act on the temporary amendment of the Employment Contracts Act (167/2020), in force from 1.4.2020 – 31.12.2020

The Act on the amendment of the Employment Contracts Act (163/2020), entry into force on 9 April 2020

The Act on the Amendment of the Employment Contracts Act (127/2019), entry into force on 1 July 2019

The Act on the Amendment of the Employment Contracts Act (377/2018), entry into force on 1 June 2018

The Act on the Amendment of the Employment Contracts Act (204/2017), entry into force on 1 May 2017

The Act on the Amendment of the Employment Contracts Act (1467/2016), entry into force on 1 January 2017

The Act on the Amendment of the Employment Contracts Act and on the temporary Amendment of chapter 1, section 4 of the Employment Contracts Act (1458/2016), entry into force on 1 January 2017

The Act on the Amendment of the Employment Contracts Act (1448/2016), entry into force on 1 January 2017

Act on Cooperation within Undertakings (334/2007)

The Act on the temporary amendment of the Act on Cooperation within Undertakings (169/2020)

Measures of Prime Minister Juha Sipilä's Government during the reporting period (2016–2019):

- Reason of temporary employment contract of the long term unemployed was amended: LTU can be hired in temporary contract without reasonable ground (2017)
- Provisions on coaching or training to the to further employment prospects of an employee given notice (2017)
- Maximum length of the trial period was maximum duration of trial period was extended to six months and the employer's re-employment obligation was reduced to four months (2017)
- Circumstances of a small employer must be taken into account, when assessing the grounds for termination related to the employee's person (2019)

Measures of Prime Minister Sanna Marin's Government during the reporting period (2019-2021)

- Temporary amendments to the employment legislation (COVID-19) (2020)
- Employers' obligation to notify TE offices about dismissals based on financial or production-related reasons (2020)

1. Temporary amendments to the employment legislation (COVID-19)

On 20 March, the Government decided on first-hand measures to be taken to secure people's livelihood and liquidity of companies in the difficult situation caused by the coronavirus. On 26 March, the Government submitted its proposal to Parliament on amendments to the Employment Contracts Act, the Seafarers' Employment Contracts Act and the Act on Cooperation within Undertakings. At first, the amendments were

intended to be in force until 30 June 2020 but were then extended until 31 December 2020. The amendments were based on proposals from the central organisations of the Finnish social partners.

The amendments aimed to help businesses adjust to changes in demand for labour caused by the coronavirus epidemic.

As per the temporary amendments to the Act on Cooperation within Undertakings (169/2020), the period of notice before layoff and the duration of cooperation negotiations regarding layoffs were shortened to five days. In addition, the Act on the amendment to the Employment Contracts Act (167/2020), allowed employers to lay off a fixed-term employee and to terminate an employee's contract during the trial period on financial or production-related grounds. On the other hand, the period during which the employer is obligated to re-employ an employee dismissed for financial or production-related reasons was temporarily extended to nine months.

The temporary amendments did not apply to the public sector.

Some collective agreements contain provisions on matters such as the duration of negotiations. If a collective agreement binding on the employer contained such a provision, it was applied instead of the provisions of law. Due to the coronavirus epidemic, exceptional solutions had been adopted in many sectors.

Emergency Powers Act

After preparatory consideration of the situation and grounds for declaring a state of emergency by the President of the Republic and the Government, the Government plenary session announced on 16 March that the COVID-19 epidemic in Finland constituted a state of emergency. On 17 March, the Government submitted Decree on the use of powers laid down inter alia in sections 93-95 of the Emergency Powers Act. Sections 93-95 lay down provisions on derogations from the terms and conditions of employment relationships, extension of the periods of notice that apply to employee and the obligation to work in the healthcare section. During Spring 2020 Government submitted decrees which extended the period of validity of the implementation decrees issued under the Emergency Power Act. Sections 93-94 were applied from 18 March 2020 to 16 June 2020 and sections 95-103 from 26 March 2020 to 13 May 2020.

2. Employment Contracts Act (55/2001)

Employers' obligation to notify Employment and Economic Development Offices (TE offices) about dismissals based on financial or production-related reasons

The Amendment (163/2020) re-included in the Employment Contracts Act's chapter 9 provisions that require employers to notify TE Offices of the dismissal of employees for Financial or production-related reasons and to inform the affected employees of their right to an employment plan.

Under the chapter 9, section 3a of the Employment Contract's Act, when an employer gives notice on production-related or financial grounds to at least 10 employees, the employer must notify the employment and economic development office of the notice given to the employees without delay. The employer must append to the notification information on the employee's profession or job descriptions and the date when their employment contract ends. In addition, under the chapter 9, section 3b of the Employment Contract's Act, in the situations mentioned in the section 3 a, the employer is required to inform the affected employees of their right to an employment plan. Corresponding provisions were also re-included in the Seafarers' Employment Contracts Act and in the Act on Public Servants in Local Government. Furthermore, a provision regarding preparedness for receiving employer notifications was re-included in the Act on Public Business and Employment Service.

Provisions regarding employers' duty to notify TE-offices on financial production-related dismissals and to inform affected employees on their right to employment plan were repealed in 2017. Re-inclusion of such

provisions was proposed by the central labour market organisations in an agreement published in June 2019 associated with further negotiations on the 2017 pension reform.

When assessing the grounds for termination related to the employee's person, the circumstances of a small employer must be taken into account

Grounds for termination related to the employee's person are always evaluated holistically and on a case-by-case basis. In 2019, the Employment Contracts Act's provisions on termination of employment were amended by the Act (127/2019), which entered into force on 1 July 2019. Under the Act (127/2019) chapter 7, section 1, subsection 1, circumstances of small employers must be taken into account when assessing, if there are relevant and substantial reasons for giving employee a notice. When assessing the grounds for termination related to the employee's person, the number of employees employed by the employer and the circumstances of the employer and employee as a whole shall be considered. A small employer is often less able to withstand the consequences of an employee's breach of law or contract. For an example, neglect of work duties or changes in employee's work ability usually have more significant effects for the small employers.

Notice-period pay when observing variable working hours

In 2018, the Employment Contracts Act was amended to clarify the rules for variable hours contracts. The provisions apply to variable hours contracts, which include zero hours contracts and other contracts where working hours are flexible instead of fixed (e.g. 0–40 hours per week or 10–30 hours per week). Provisions apply also to employees who work on demand. The Act (377/2018) contains inter alia provisions on notice-period pay when observing variable working hours. Period of notice is meant to give the other contract party time to adjust to the consequences of a terminated employment relationship. However, sometimes employees do not have any actual adjustment period because their employer does not give them any work during the period of notice.

In response, the Employment Contracts Act's Chapter 6 was added a new section 4a on notice-period pay when observing variable working hours. If variable working hours have been agreed in the employment contract and the amount of work offered by the employer during the notice period is less than the average amount of work during the 12 weeks immediately prior to the last work shift, the employer must compensate the employee for the loss of income arising from this shortfall. The liability to compensate does not apply if the employment relationship had lasted less than one month before notice was given. The notice-period pay is determined in a corresponding manner also when fixed working hours have been agreed and the amount of extra work during the six months immediately prior to the notice being given has, on average, exceeded the agreed amount by at least a factor of four.

Transition security for dismissed persons

As part of the transition security for dismissed persons, Employment Contracts Act was amended by the act (1467/2016), which contains provisions on coaching or training to the to further employment prospects of an employee given notice. In addition, Occupational Health Care Act (1383/2001) was added provisions on the employer's obligation to arrange occupational health care for employees dismissed on financial or production related grounds. Amendments were based on the Competitiveness Pact agreement reached by the labour market organisations.

Under the Employment Contracts Act (55/2001) chapter 7, section 13, the employer is obligated to offer an employee to whom it has given notice on grounds set out in chapter 7, section 3 (financial and production related grounds), the opportunity to take part in employer-funded coaching or training to further the prospects of finding employment if the employer regularly employs at least 30 people and the employee has been employed by the employer for an uninterrupted period of at least five years before the termination of the employment relationship.

The value of the coaching or training must at least correspond to the employee's imputed pay for one month or the average monthly earnings of personnel at the same place of work as the employee given notice, whichever is the greater. The coaching or training shall be provided within a two-month period following the end of the period of notice. Where there are serious grounds, the coaching or training may be provided later than this.

However, by the end of the employment relationship the employee must be aware of the date or estimated date of the coaching or training provision. The employer and the employee may agree that the employer will meet its obligation referred to in subsection 1 by paying in part or in full for training or coaching procured by the employee himself or herself. The employer and the personnel may agree otherwise in respect of the provision of subsection 2 concerning specification of the value. The employer and the personnel may also agree on other arrangements instead of coaching or training for furthering the employment prospects of an employee given notice. The personnel representative is determined in accordance with section 8 of the Act on Cooperation within Undertakings (334/2007), section 6 of the Act on Cooperation in Government Agencies and Public Bodies (1233/2013) or section 3 of the Act on Cooperation between the Employer and Employees in Municipalities (449/2007). An agreement made by a personnel representative binds all employees whom the representative can be considered to represent.

Under the chapter 13, section 7, subsection 1, paragraph 13 of the Employment Contracts Act, in derogation from what is laid down in section 6, national employer and employee associations are entitled to agree on what is laid down in chapter 7, section 13, the right of an employee given notice to receive coaching or training to further his or her employment prospects.

Employment Contracts Act's chapter 7, section 14 contains provision on the neglect of coaching or training for furthering employee prospects. An employer that has not complied with the obligation laid down for it in section 13 is obligated to pay a lump sum compensation to the employee of an amount corresponding to the value of the training or coaching. If the obligation to arrange coaching or training has been neglected only in part, the obligation to compensate shall be limited to an amount corresponding to the extent by which the obligation was neglected.

Under the Occupational Health Care Act's (1383/2001) chapter 1, section 2, employer arranges occupational health care for dismissed employees for six months after the employee's work duties have ended, if the employer regularly employs at least 30 people and the employee has been employed by the employer consecutively for at least five years before the end of the employment relationship. This obligation ends if the employee enter into new permanent or at least six months fixed-term employment contract and the new employer arranges the occupational health care.

Fixed-term employment contracts, trial period and employer's re-employment obligation

The Act on the Amendment of the Employment Contracts Act (1448/2016) entered into force on 1 January 2017. It contains provisions on concluding a fixed-term employment contract with a long-term unemployed person without justified reason, extending the maximum duration of trial period to six months and shortening the employer's re-employment obligation to four or six months.

Amendment was based on Prime Minister Juha Sipilä's government programme and aimed to improve the employment opportunities of the long-term unemployed and increase employers' willingness to grow and hire new employees.

Amendment (1448/2016) added a new section 3a (*Concluding a fixed-term employment contract with a long-term unemployed person*) to the chapter 1 of the Employment Contracts Act. According to the section 3a, concluding a fixed-term employment contract does not require the justified reason referred to in section 3, subsection 2 if, on the basis of notification from an Employment and Economic Development Office, the person to be employed has been an unemployed jobseeker during the preceding 12 months without interruption. An employment relationship of two weeks or less does not interrupt the continuity of unemployment. Even if

the employer's need for labour is permanent in the way referred to in section 3, subsection 3, this will not prevent the employment contract being concluded as a fixed-term contact.

To ensure that the concept of unemployed job seeker is as unambiguous as possible, the consideration of whether a person is an unemployed jobseeker is governed by the provisions of the chapter 1, section 3 of the Act on Public Business and Employment Service (916/2012).

According to the section 3a, subsection 3 of the Employment Contracts Act (55/2001), the maximum duration of the fixed-term employment contract concluded without justified reason is one year. The contract may be renewed during the one-year period that follows the commencement of the first fixed-term employment contract, and this may be done no more than twice. The combined total duration of the contracts may not, however, exceed one year.

Because of above-mentioned amendment, chapter 2, section 4, subsection 2, paragraph 3 of the Employment Contracts Act (55/2001), was also amended. Information on principal terms of work shall include the date or estimated date of termination of a fixed-term contract and the justification for specifying a fixed term, or notification that the contract is a fixed-term employment contract with a long-term unemployed person as referred to in chapter 1, section 3a. The purpose of this amendment was to emphasise that a fixed-term employment contract is concluded either for a justified reason or that the employer would knowingly and explicitly take advantage of the possibility to conclude a fixed-term employment contract as permitted by Chapter 1, Section 3a.

In addition, Employment Contracts Act's provisions on trial period were amended as the maximum duration of trial period was extended from four to six months. However, it is possible to agree on a shorter trial period as part of collective agreements. Provisions regarding the extension of the trial period due to the employee's absence from work were also laid down. Extending the trial period was seen as a way to lower the employment threshold. It was also stated that the purpose of the trial period will not be realised if the employee has been absent from work for a longer period during the trial period.

Under the chapter 1, section 4, of the Employment Contract's Act, the employer and the employee may agree on a trial period of a maximum of six months starting from the beginning of the work. If, during the trial period, the employee has been absent due to incapacity for work or family leave, the employer is entitled to extend the trial period by one month for every 30 calendar days included in the periods of incapacity for work or family leave. The employer shall notify the employee of the trial period extension before the end of the trial period. In a fixed-term employment relationship, the trial period together with any extensions to it may comprise no more than half of the duration of the employment contract, and in any event may not exceed six months. Otherwise, Employment Contracts Act's provisions on the trial period remained in force unchanged.

In addition, employer's re-employment obligation in the financial and production related dismissals was shortened. However, this provision is not applied if the employment relationship has lasted for at least 12 years. The purpose of the shortening was to reduce the administrative burden on the employer and to reduce the rigidity of the labour market, while safeguarding the objectives for which the employer's re-employment obligation exists.

Under the chapter 6, section 6 of Employment Contracts Act, if an employee is given notice on the basis of chapter 7, sections 3 or 7, and the employer needs new employees within four months of termination of the employment relationship for the same or similar work that the employee given notice had been doing, the employer shall offer work to this former employee if the employee continues to seek work via an Employment and Economic Development Office. However, if the employment relationship has lasted without interruption for at least 12 years prior to its termination, the re-employment period shall be six months. In derogation from chapter 1, section 10, subsection 2 above, this obligation also applies correspondingly to the assignee referred to in chapter 1, section 10, where the assignor has given notice to terminate an employee's employment contract with the termination to occur before the assignment.

Employment Contracts Act (55/2001), translation available on the following website, link: https://www.finlex.fi/fi/laki/kaannokset/2001/en20010055.pdf (amendments up to 597/2018 included)

II Direct Request, 2016

The Committee requests the Government to provide information on any further legislative developments, particularly any reforms of the Employment Contracts Act on facilitating the use of fixed-term employment contracts and extending trial periods and to provide a copy of such reforms once they are adopted.

For the question about facilitating use of fixed-term employment contracts and extending trial periods, please the answer in section I of the report.

Please also continue providing information on the maximum length of use of fixed-term contracts and on the impact of the 2013 amendments to the Employment Contracts Act.

According to chapter 1, section 3, subsection 3 of the Employment Contracts Act (55/2001), the use of recurring fixed-term employment contracts is not permitted when the number of fixed-term employment contracts or their total duration or the totality of them indicates the employer's need for labour.

The conclusion of a fixed-term employment contract requires, first, a justified reason, and the renewal of a fixed-term contract requires that the employer's need for labour is not permanent. If fixed-term employment contracts are concluded in succession, a justified reason must be required for each employment contract separately. In successive fixed-term contracts concluded between the same parties, the weight required in principle increases as the number of fixed-term contracts increases. The more successive fixed-term contracts are concluded, the stronger the assumption that the need for labour will remain permanent. Once the need for labour has become permanent, the employer is no longer entitled to extend the contractual relationship for a fixed period. In accordance with the chapter 1, section 3a of the Employment Contracts Act, a fixed-term employment contract may be entered into with a long-term unemployed person without a justified reason. However, the maximum duration of such a fixed-term employment contract is limited to one year. The contract may be renewed during the one-year period that follows the commencement of the first fixed-term employment contract, and this may be done no more than twice. The combined total duration of the contracts made in accordance with the chapter 1, section 3a, may not, however, exceed one year.

The recent case law has assessed whether the employer had grounds for concluding fixed-term employment contracts in conclusion.

The decision of the Supreme Court (Supreme Court ruling 2019:45) assessed whether the plaintiffs' employment contracts had to be considered fixed-term or indefinite. The staffing company had entered into a number of successive fixed-term employment contracts with the employees. According to the terms of the employment contracts, the employment relationship ended on the date specified in the employment contract at the end of the assignment concerning the employee of the staffing company's customer company. In each employment contract, the duration of the employment relationship was defined in such a way that the employment relationship ends when the assignment concerning the employee of the user company ends, unless otherwise agreed. The contracts stated an estimate of the date of termination of employment relationship. The ground for the temporary basis was one of the following reasons mentioned in each contract: seasonal work, equalisation of production and service peaks, the client's temporary need for labour or the customer's fixed-term order. Consecutive employment contracts had been concluded from three to about ten per employee, and the total duration of employment had varied from one year to two years and nine months per employee. The employment contracts had expired at the end of the last extension contracts and no employment contracts had been dismissed or terminated. As a general rule, even in a temporary employment relationship, the employment contract is valid until further notice. The conclusion of a fixed-term employment contract requires a justified reason. The starting point is that an employment contract can be concluded for a fixed period if, at the time of concluding the contract, it is assessed that the work specified in the contract is no longer available after the termination of

the fixed-term employment contract (Supreme Court ruling 2012:10, section 9; legislative proposal 239/2010 interlocutory decision p. 3).

The Supreme Court ruled that the terms of a fixed-term employment contract must be assessed in the light of the circumstances of the temporary employment business and the permanence of the need for labour. Work assignments are not fixed-term in nature simply because the work is outsourced. Also in temporary agency work, there is a justified reason for fixed-term work only when work is performed as temporary agency work, which is only available for a limited period of time (Supreme court ruling 2012:10, section 14). When, for reasons arising from the employment contracts, the employer's need for labour could not be assessed as temporary and the employer had not clarified otherwise, the employment contracts had to be considered valid for an indefinite period and the employees were entitled to notice and holiday pay.

In the decision Supreme Court ruling 2017:55, the Supreme Court assessed whether the employer had legal grounds to consequently enter into fixed-term employment contracts with the employee. From 3 March 2003 to 31 December 2011, A had worked for the municipal consortium in 16 fixed-term employment relationships as a social worker. A was not qualified for the post under the Act on Qualification Requirements for Social Welfare Professionals. Although the need for a social worker has in itself been permanent, the employer's need for the work input of an unqualified worker in a social worker position had been temporary only until a qualified employee could be hired for the position. In addition, taking into account the purpose of safeguarding the client's rights described in paragraph 23 above of the Social Welfare Eligibility Act, the Supreme Court found that the consortium had not acted in the matter in violation of Chapter 1, Section 3, Subsection 2 (55/2001) of the Employment Contracts Act or Chapter 1, Section 3, Subsection 3 of the Employment Contracts Act (1224/2010). Consequently, A's employment relationship could not be regarded as valid for the time being. The municipal consortium was considered to have had legal grounds to enter into employment contracts with A on a fixed-term basis.

The judgments of the Labour Court (judgments 2020:117 and 2020:116 of the Labour Court, 28 December 2020) assessed whether the university had a justified reason to enter into a fixed-term employment contract with a professor of art for a period of about five years. The judgment held that the university had not provided a sufficient explanation as to why the legitimate objectives inherent in the specific nature of the artistic teaching task could have been achieved only if the employment contract of the professor selected for the scientific merit was fixed-term. No explanation had been provided that, at the time of the conclusion of the professor's employment contract, there were any specific operational changes which would in fact have affected the professions available to the professor at the end of the fixed-term contract and thus made them temporary. The employment contract between the university and the professor had been made for a fixed period at the initiative of the employer without a justified reason, and the employment contract had therefore to be considered valid for an indefinite period.

The amendments made to Chapter 2, Section 4 of the Employment Contracts Act in 2013 were aimed at improving the right of an employee employed in a fixed-term employment relationship to know not only the fixed-term basis but also the estimated termination date. In addition, the special provision on temporary agency work seeks to improve the ability of temporary agency workers to assess the duration of a temporary agency contract.

Fixed term employment contracts[1] 2016 - 2020 altogether, proportion of the wage earners (%)[2]

Year	Men	Women
2016Q1	10,4	16,6
2016Q2	15,3	19,7
2016Q3	15,6	20,2
2016Q4	12,4	17,6

[1] In this statistics, an employment contract is classified as fixed term also when it includes a trial period.
[2] Statistics Finland/The Labour force survey, link. https://findikaattori.fi/fi/table/53.

Year	Men	Women
2017Q1	11,4	16,8
2017Q2	15,4	20,7
2017Q3	14,9	20,3
2017Q4	12,0	18,0
2018Q1	10,9	18,0
2018Q2	15,3	21,2
2018Q3	15,5	20,2
2018Q4	12,2	18,4
2019Q1	11,3	17,3
2019Q2	14,1	20,1
2019Q3	15,0	18,9
2019Q4	11,9	17,8
2020Q1	10,9	17,0
2020Q2	13,4	17,5
2020Q3	14,1	18,4
2020Q4	11,5	16,9
2021Q1	11,1	17,7
2021Q2	15,8	20,8

The Committee requests the Government to continue to provide information on the operation of the consultation mechanisms with workers' representatives on terminations of employment for economic, technological, structural or similar reasons.

According to the Government Programme of Prime Minister Sanna Marin's government, the legislation on cooperation will be amended in structure and in substance in order to improve the trust between employers and employees. A comprehensive reform of the Act on Co-operation has been prepared in a tripartite working group. The purpose of the new Act on Co-operation within Undertakings is to improve the company's operations and the employees' ability to influence decisions made in the company concerning their work, working conditions and position. The act would also ensure an adequate and timely flow of information between the employer and the staff.

The reform aims to give a larger role for employee representatives in change negotiations. Before the employer makes a decision on matters that have a significant effect on the employees, such as reductions in workforce, the employer must consult the employees or employee representatives. In the new Act, this negotiation process would be called change negotiations.

The right of the employee representative to make proposals and propose alternative solutions would improve. In addition, the Act would specify the time when the negotiations must start.

The continuous dialogue and change negotiations would form an interrelated continuum. Possible developments could be discussed during the continuous dialogue even before the change negotiations, which would improve the flow of information and the premise of the negotiations. Similarly, the continuous dialogue would play an important role in the further processing of changes after the change negotiations had ended.

The reform was prepared in a tripartite working group. The report of the tripartite working group on the Government proposal was circulated for comments between 19 November 2020 and 15 January 2021. Government proposal on the new Act on Co-operation within Undertakings is due to be submitted in autumn 2021. However, it must be taken into account that the government bill may change during the parliamentary consideration. The Parliament decides detailed contents of the bill and on its approval.

The Committee requests the Government to provide general information on the manner in which the Convention is applied in practice, including, for example, available statistics on the activities of the bodies of appeal (such as the number of appeals against unjustified dismissal, the outcome of such appeals, the nature of the remedy awarded and the average time taken for an appeal to be decided) and on the number of terminations for economic or similar reasons. Please also indicate any practical difficulties encountered in the implementation of the Convention, and measures taken or envisaged in this regard.

Statistics of the outcomes of the appeals against unjustified dismissals is not available. If the employer has terminated an employment contract contrary to the grounds laid down in the Employment Contracts Act, it must be ordered to pay compensation for unjustified termination of the employment contract in accordance with the Chapter 2, Section 2 of the Employment Contracts Act. The exclusive compensation must be equivalent to the pay due for a minimum of three months or a maximum of 24 months. Nevertheless, the maximum amount due to be paid to shop stewards elected on the basis of a collective agreement or to elected representatives referred to below in chapter 13, section 3, is equivalent to the pay due for 30 months.

Disputes concerning termination of employment or cancelling an employment contract resolved in courts 2017 – 2020 (number of cases and the average processing time in District Courts and Courts of Appeals)

Year	District Courts (cases and months)	Courts of Appeals (cases and months)	Supreme Court	Labour Court
2020	463	84 11,6	1	2
2019	505 12,51	92 9,16	2	3
2018	529 12,54	108 9,88	3	9
2017	557 11,85	84 9,27	5	2

Unemployed jobseekers, classified according to the reason for unemployment[3]: dismissal on financial or production related grounds (Employment Service Statistics) 2016-2020

Year	Reason for unemployment: dismissal based on financial or production related grounds
2020	46 140
2019	28 596
2018	30 108
2017	34 200
2016	43 488

III APPLICATION OF THE ARTICLES IN FINLAND

Please see the answers in sections I and II.

IV

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

[3] It must be taken into account that an unemployed person does not necessarily register as an unemployed jobseeker or notify reason for unemployment upon registration.

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 (SY)

Statements of the labour market organisations:

The Federation of Finnish Enterprises (SY)

The Federation of Finnish Enterprises find that the legislation governing the termination of employment exceeds the requirements of Convention No 158. In Finland, the termination of employment is carried out as provided for in the Employment Contracts Act, and the provisions of the Act on Co-operation within Undertakings also carry significant weight.

The Employment Contracts Act was amended by the amendments that entered into force on 1 January 2017 with regard to trial periods, fixed-term contracts and the employer's re-employment obligation. The aim of these legislative changes was to improve employment opportunities for the long-term unemployed, lower the employer's employment threshold, and increase the willingness of employers to achieve growth. The Federation of Finnish Enterprises find that the changes have been welcome and have had a positive impact on capacity of companies to create jobs. The longer trial period, in particular, has had a positive impact on the willingness of companies to recruit new employees. However, the effects of the changes have remained somewhat limited, as the provisions of existing collective agreements have frequently prevented the implementation of the changes on a wider scale.

The provisions of the Employment Contracts Act concerning the dismissal of an employee on a personal basis were amended on 1 July 2019. The purpose of this change is to make it easier for small enterprises, in particular, to dismiss employees. The Federation of Finnish Enterprises maintain that the amendment to the Act is quite minor and does not have a significant impact on the overall assessment leading to a termination of employment. Data on experiences of the practical application of the change are not yet available. What makes gathering such information challenging is the unclear scope of the change, as the size of the company was referred to as only one of the many criteria to be taken into account in the overall consideration. It is therefore very difficult to assess the impact of the change in practice. The Federation of Finnish Enterprises consider it important that the termination of employment is not made unduly difficult. This is because an unsuccessful recruitment or problems in the employment relationship in small enterprises, in particular, can be detrimental to the activities of the entire company. The Federation of Finnish Enterprises would also like to draw attention to the fact that it is currently very difficult for an employer to assess the existence of personal grounds for dismissal. As the dismissal may be considered illegal, it comes with a high financial risk. From the point of view of regulatory neutrality, it is important that the provisions on termination of employment are balanced and reasonable for the employer and employee alike.

An overall reform of the Act on Co-operation within Undertaking is currently being prepared in Finland, which will directly affect the procedures for terminating employment relationships on productive and economic grounds. The current Act on Co-operation within Undertaking is considered the "Termination Act", and the focus of compliance with the legislation is heavily on the complex formalities required under the law for fear of sanctions. As it stands, the Act on Co-operation within Undertakings does not fulfil its purpose of promoting co-operation between employers and employees. Negotiations to reduce the number of employees under the Act on Co-operation within Undertaking should be more flexible in order to genuinely achieve the objective of the Act.

Obligations under EU legislation also affect issues concerning termination of employment. The transposition of the EU directive (2019/1152) on transparent and predictable working conditions is currently being prepared in Finland, and it is expected to particularly affect the use of contracts allowing flexible working hours. The Federation of Finnish Enterprises wish to point out that as variations in the need for labour may indeed be significant in certain industries, the need for flexible working arrangements is likely to increase in the future.

The Confederation of Finnish Industries (EK)

The regulations concerning the termination of an employment contract in Finland exceed the minimum conditions set by the Convention.

The amendments to the Employment Contracts Act that came into force in 2017 (trial period, fixed-term employment contracts for the long-term unemployed and the employer's re-employment obligation) have had at least a partially positive effect on companies' willingness to hire new labor.

The objective of the change that came into force in 2019 (dismissal of an employee on a personal basis) was to lower the employment threshold for small employers. The change is minor and has only little effect on the overall assessment of the termination criteria. Experience with the effects of the change is not yet available.

The temporary changes to labor legislation in 2020 mentioned in the Finland’s report were implemented on a very fast procedure as the Covid19-crisis intensified rapidly during spring 2020. The changes were important for companies and helped them to maintain their business functions and jobs and survive from the worst hit of the crisis.

The reform of the Co-operation Act that is being prepared would increase the administrative burden on the employer in negotiations related to reducing the workforce. The change does not add any needed flexibility that would support cooperation be-tween the employer and the employees or that would add possibilities to agree on the content of the co-operation process.

The EU-level legislation currently being implemented may also, in some situations, tighten the criteria for terminating an employment contract.

As the labor market is constantly changing, the flexibility of working conditions and the possibility to agree on working conditions, taking into account the special characteristics and needs of each industry and company, will be even more important in the future to enable companies to operate and grow, hire people and create new jobs.