

The logo for SAK (The Central Organisation of Finnish Trade Unions) is displayed in a white trapezoidal shape. The letters 'SAK' are written in a bold, red, sans-serif font.

SAK

Layoff system in Finland and changes during Corona pandemic

Pirjo Väänänen

Head of Social Policy

The Central Organisation of Finnish Trade Unions SAK

NAF 15.9.2022

Layoff

- Layoffs are a way in the Finnish labor market to help an employer over a difficult period. From the employee's perspective it is a better option than termination of employment.
- When certain conditions specified in the Employment Contracts Act are fulfilled, the employer may suspend work and payment of wages and the employee may discontinue work. The employment relationship remains in force and employee can get unemployment security.
- The procedures and time limits to be observed in layoffs are provided in the Employment Contracts Act, the Act on Co-operation within Undertakings and in collective agreements.

Right to layoff

Layoff until further notice

- The employer has a financial or production-related reason for terminating the employment contract, or
- The work has diminished substantially and permanently, and there is no other work or training to be offered to the employee.

Layoff for a fixed term

- The employer's potential for offering work has diminished temporarily and the employer cannot reasonably provide the employee with other suitable work or training. It is estimated to last a maximum of 90 days.

Forms of layoff

- Layoffs principally concern permanent employees.
- Laying off an employee in a fixed-term employment relationship is possible only if the employee is working as a substitute for a permanent employee, whom the employer would be entitled to lay off.
- A layoff may be
 - **a full-time layoff** - the obligation to work is completely removed, or
 - **a part-time layoff** - the daily or weekly working hours are reduced.
- Employees are entitled to take employment with another employer during the layoff. When the work situation improves, the employer will notify the laid off employees of the resumption of work.

Before a layoff

- The employer must present employees or their representative with an advance explanation of the lay-off. This may be given verbally or in writing.
- The employer must give the employees or their representative an opportunity to be heard concerning the explanation given.
- It is not necessary to present an advance explanation or to consult the employees in enterprises with at least 20 regular employees. In such enterprises, the procedures provided for in the Act on Co-operation within Undertakings must be followed.
- Employees to be laid off must be notified in person no later than 14 calendar days before the beginning of the layoff. Collective agreements may specify longer notice periods.
- An employee is always entitled to receive a written certificate of the layoff, indicating its grounds, start time and duration.

Ending a layoff

- A layoff may only be ended under the Employment Contracts Act. An employee laid off until further notice must be notified by the employer of the resuming of work at least one week in advance unless otherwise agreed.
- A laid off employee may return to work immediately when the grounds for the layoff no longer exist, if that is convenient for both employer and employee.
- If the employee resign after been continuously laid off for more than 200 calendar days, he/she will be entitled to severance pay as well as holiday compensation. Without any sanctions in unemployment benefit.

Layoffs and unemployment benefits

- During the full-time layoff, employee may receive a full unemployment benefit.
- During a part-time layoff, work and salary payments are interrupted for certain days or hours.
 - If the working **days** have been reduced, employee can receive a full unemployment benefit for the days in which are laid-off.
 - If the working **hours** have been reduced, employee can receive adjusted unemployment benefit.
- Unemployment benefit can be paid during a layoff if the working hours do not exceed 80% of the maximum working hours in industry. During layoffs working hours are calculated per calendar week.

Social partners crises package

18.3.2020

- The central labour market organizations jointly submitted a proposal to the Finnish Government on the necessary measures to reduce the cost of employment, to improve the flexibility of labour legislation and to improve social security for workers who have become unemployed or been laid off.
- The social partners pointed out that layoffs and dismissals are only a last choice. The priority is to look for other work or training. However, this is not always possible due to the financial problems caused by the coronavirus, and therefore propose the temporary changes.
- The crisis package is a whole: Improvements in unemployment insurance and the flexibility in labor legislation. The reason for layoff has not been changed and the employer is responsible for its existence.
- [Social partners' proposal to the Finnish Government to protect businesses, employment and livelihoods in the economic crisis caused by the coronavirus | SAK](#)

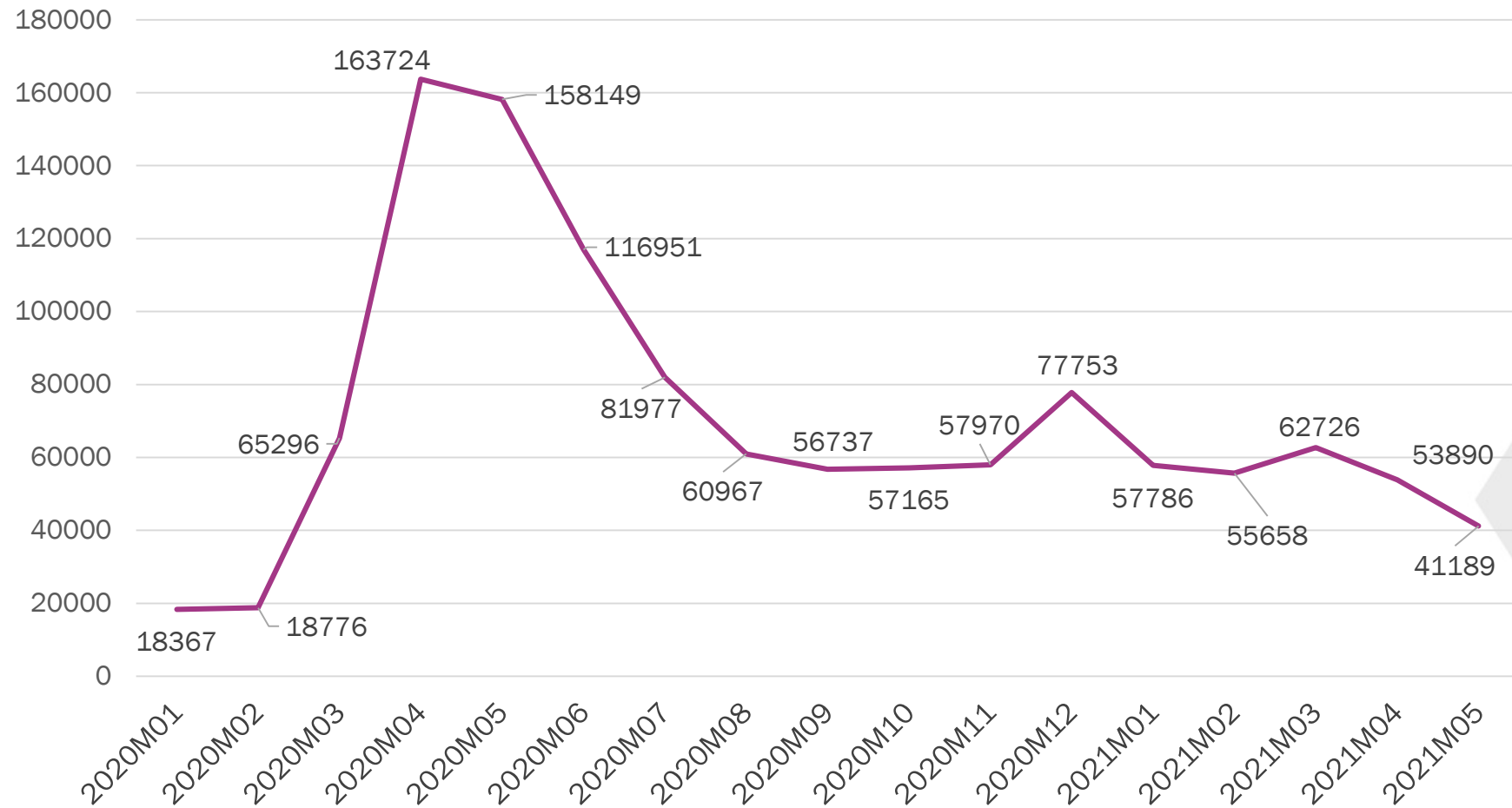
The flexibility of labour legislation

- Reduction of the minimum negotiation times
 - Reduce the minimum negotiation times from 14 days/6 weeks to 5 days
- Shorten the layoff notice period
 - Reduce the 14 days notice period to 5 days.
- Extending the right to layoff
 - Extend the right to layoff an employee in a fixed-term employment relationship under the same extent as for contracts of unspecified duration.
- Expand the right to cancel a trial period
 - Allow the termination of an employment contract during a trial period for financial and production-related reasons.
- Extension of re-employment obligation
 - Extend the obligation to re-employ from 4/6 months to 9 months if the employee has been dismissed during the fixed-term changes to labour law.

The improvements to the social security

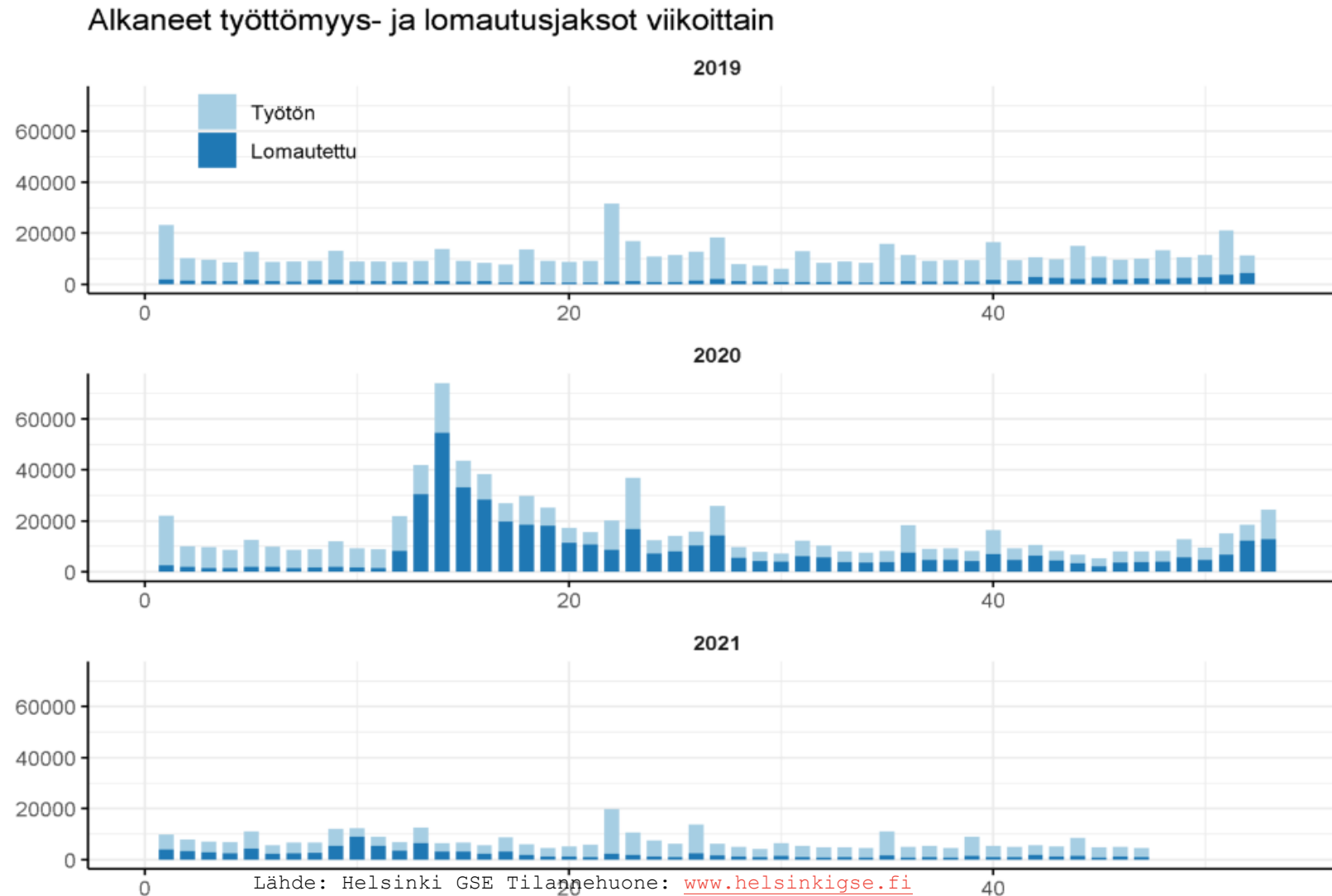
- The unemployment benefits (from 16.3.)
 - No waiting period (5 working days) before getting the benefit
 - Work requirement period cut from 26 weeks (in 28 months) to 13 weeks.
 - Layoff periods are not counted towards the maximum period (300/400 days).
 - 1.7.-31.12.2020 any unemployment periods are not counted to the maximum period.
- The operational capacity of unemployment funds and the prompt payment of benefits are guaranteed in all situations
 - The state prepares to support the operation of unemployment funds with EUR 20 million in 2020 according to separately agreed principles. (government added + 40 million)
- Secure the funding of layoff benefits
 - The state will contribute to the funding of layoff benefits by funding the basic part of the earnings-related benefits. Limited period up to the end of 2020.

The amount of layoffs 01/2020-05/2021



Lähde: Tilastokeskus, työnvälitystilasto

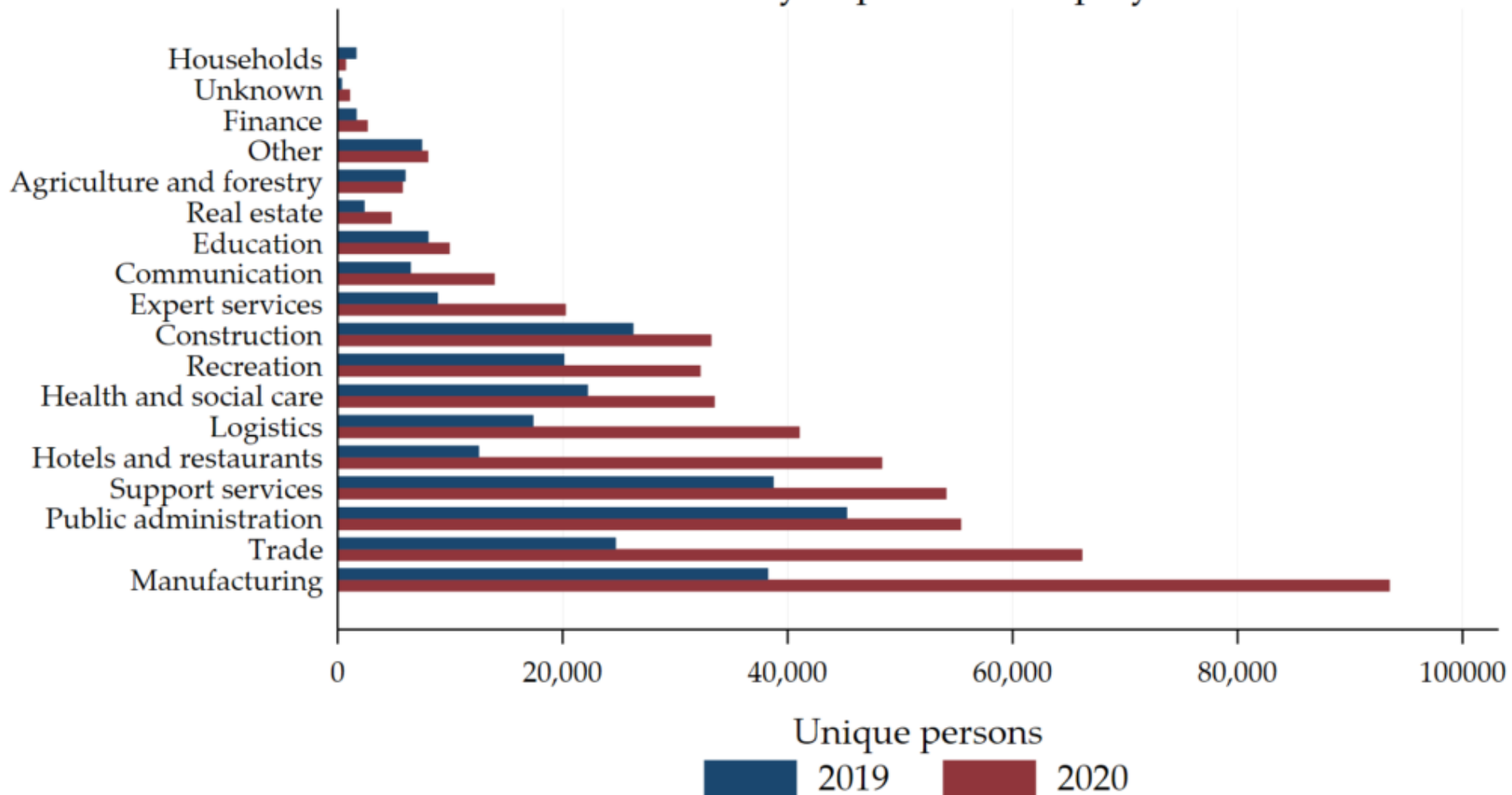
Weekly periods of unemployment and layoffs that have started



Tilannehuone 30/11/2021

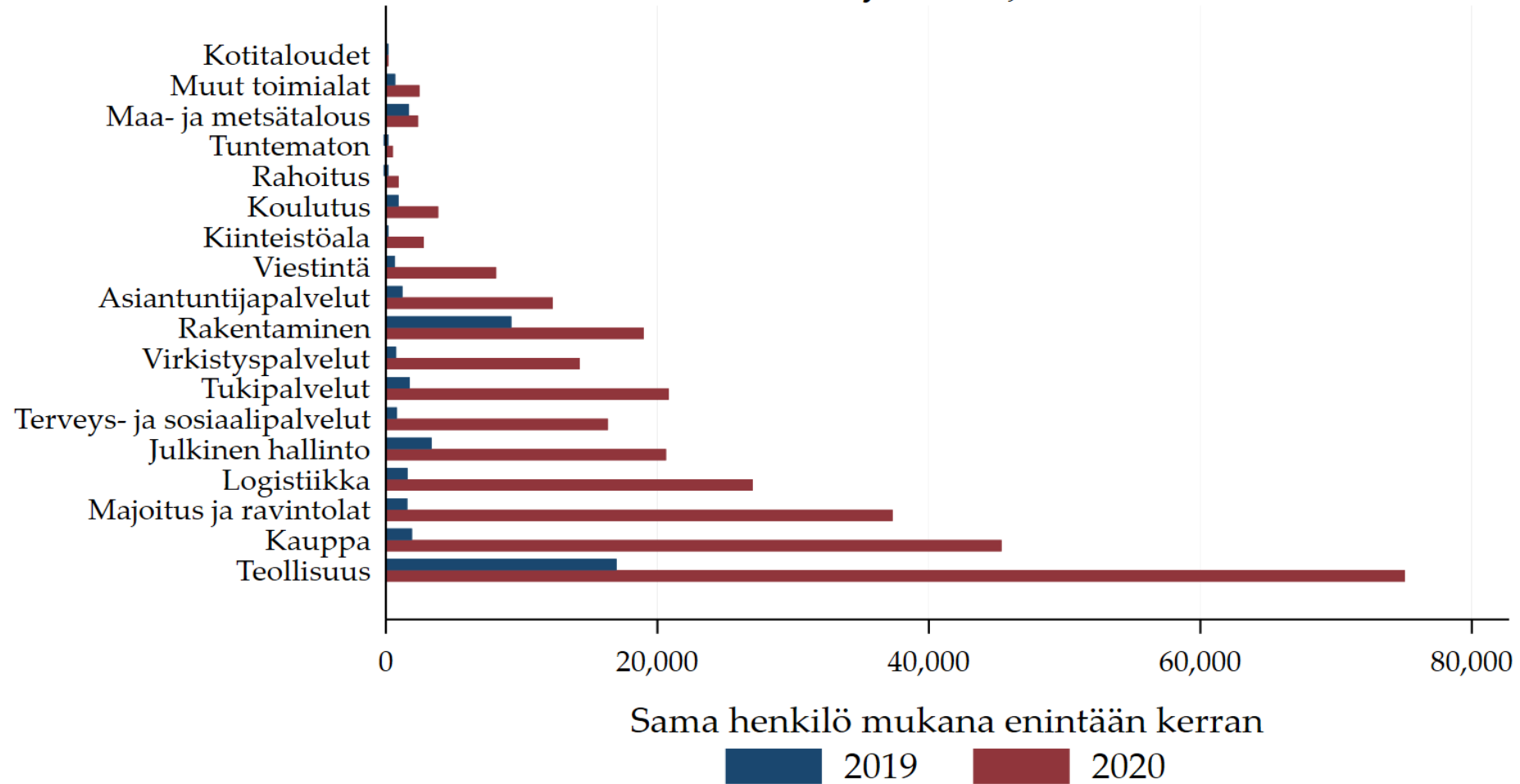
Newly unemployed and furloughed between 15.3.-28.12

Industry of previous employer



GSE Tilannehuone: 2020-12-30

Lomautetut 15.3.-28.12. Edellisen työnantajan toimiala



GSE Tilannehuone: 2020-12-30