

# TES

i.e. the collective agreement

Daniel Valtakari, Juko/TEK

Ira Kyntäjä, Pro

Oskari Ollikainen, JHL

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# The definition and purpose of a collective agreement.

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- A collective agreement is an agreement that defines the terms of work between the employer or employers' association and the representatives of the employees, namely the trade union. In English, "työehtosopimus" is translated as a collective agreement.
- The purpose of the collective agreement is to establish the basic terms of employment, such as salary, working hours, holidays, sick leave, notice periods, and other benefits. The collective agreement is part of labor legislation and is complemented by the Employment Contracts Act, which is a general law applicable to all employment relationships.
- The collective agreement aims to secure the rights and benefits of employees, as well as to promote workplace peace and cooperation.

# The parties and negotiations of the collective agreement

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- The parties to a collective agreement are the employer or employers' association and the trade union(s). For example, the Confederation of Finnish Industries (EK) represents several employers' associations across different sectors, while the Central Organization of Finnish Trade Unions (SAK), Akava (Juko), and the Finnish Confederation of Salaried Employees (STTK) represent different professional or education-based unions.
- Collective agreement negotiations are a process in which the parties aim to reach an agreement on a new or revised collective agreement. The negotiations can last for weeks or months, depending on the negotiating atmosphere and the level of disagreements. The negotiation process involves several stages, including preparation, initial negotiations, sector-specific negotiations, main negotiations, and final settlement.
- If the negotiations do not yield results and the parties cannot reach an agreement, they may resort to industrial action, such as strikes or lockouts. These are legal means to pressure the other party into accepting their demands. For example, a few years ago, when negotiations for university employees were not progressing sufficiently and as desired, locomotive engineers (JHL) announced a support strike. This announcement had an impact, leading to a quick resolution of the negotiations.

# Normally binding and generally binding collective agreement.

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Collective agreements can be classified based on their binding nature as either generally binding (normaalisitova) or universally binding (yleissitova) agreements. This refers to the extent to which the agreement applies to employers and employees operating in the industry.

## Normally binding

- It binds only those employers and employees who are members of the organizations that have made the agreement.
- About 10% of all collective agreements are generally binding.
- It requires that the employer and employee have agreed to adhere to the agreement.
- The determination of universality is made by the General Binding Force Confirmation Board for Collective Agreements (TTVL).

## Generally binding

- Binds all employers and employees operating in the industry, regardless of whether they are organized or not.
- About 90% of all collective agreements are universally binding.
- It requires that the members of the employee unions that have made the agreement represent at least half of the employees working in the industry.

# The content and scope of the collective agreement 1/5

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The collective agreement includes various provisions that concern the terms of employment. Some common provisions include:

**Wages:** Specifies the amount of pay, payment method, payment period, and possible additional payments, such as overtime compensation or holiday bonuses.

**Working Hours:** Defines the length of regular working hours, rest periods, breaks, and limits on overtime, as well as potential flexibilities, such as flexible working hours or telecommuting.

**Holidays:** Determines the length of annual leave, the vacation accrual year, holiday pay, and holiday compensation, as well as possible other days off, such as public holidays or additional days off.

# The content and scope of the collective agreement 2/5

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- **Sick Leave Pay:** Defines the conditions and requirements for reporting sick leave, presenting a medical certificate, and paying sick leave wages.
- **Notice Period:** Specifies the length and grounds for the notice period, as well as the methods for giving and receiving notice of termination.
- **Occupational Safety:** Defines the organization of occupational safety and occupational health services, as well as employees' participation and influence in occupational safety activities.
- **Industrial Peace:** Specifies the obligation of industrial peace, meaning that the parties commit to refraining from industrial action during the term of the agreement.

# The content and scope of the collective agreement 3/5

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The collective agreement can be either national, regional, or local. This refers to the extent to which the agreement applies to different regions or specific locations.

**National Agreement:** This is the most common type, and it covers the entire country or the entire industry.

**Regional Agreement:** This is less common and applies to specific regions or provinces.

**Local Agreement:** This is even less common and applies to specific companies or workplaces.

# The content and scope of the collective agreement 4/5

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The collective agreement can be either general or specific. This refers to the extent to which the agreement applies to different professional groups or tasks.

**General Agreement:** This is the most common type, and it applies to all employees in the same industry or sector, regardless of their profession or role.

**Specific Agreement:** This is less common and applies to specific professional groups or tasks that differ from other collective agreements in the same industry or sector.



# The content and scope of the collective agreement 5/5

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The collective agreement can be either centralized or decentralized. This refers to the extent to which the agreement allows for local agreements, i.e., workplace-specific negotiations.

**Centralized Agreement:** This is the most common type, and it defines employment conditions quite precisely and uniformly for the entire industry or sector. A centralized agreement reduces the need and opportunities for local negotiations.

**Decentralized Agreement:** This is less common and outlines employment conditions only at a general level, allowing more flexibility for local agreements. A decentralized agreement increases the need and opportunities for local negotiations.

# The benefits of a collective agreement for the employee

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The collective agreement benefits the employee in various ways. Some of the advantages include:

**Better Salary:** The collective agreement ensures that the employee receives at least a certain salary level, often higher than the statutory minimum wage. The agreement may also include salary increases based on factors such as inflation, productivity, or performance.

**Safer Work Environment:** The collective agreement requires the employer to ensure workplace safety and occupational health, and to adhere to occupational safety standards. The agreement may also include specific provisions regarding ergonomics, noise, chemicals, or radiation.

**Longer Vacations:** The collective agreement defines the employee's right to annual leave, which is often longer than the statutory minimum. The agreement may also include additional days off, such as public holidays or special leave days, providing the employee with more leisure time.

**Increased Influence:** The collective agreement gives the employee the right to participate in the negotiation and monitoring of the agreement through the trade union. The union negotiates on behalf of the employee and provides support and advice on employment matters. The collective agreement may also include provisions that enhance the employee's participation and influence in workplace decision-making.

# The benefits of a collective agreement for the employer

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The collective agreement also benefits the employer in various ways. Some of the advantages include:

**Stable Operating Environment:** The collective agreement establishes clear and mutually agreed-upon rules for work, preventing uncertainties and disputes. It also promotes industrial peace and reduces the risk and costs of labor disputes.

**Motivated Staff:** The collective agreement improves the employee's position and well-being, increasing their commitment and satisfaction. It can also enhance the employee's skills and development, encouraging them to perform better.

**Competitive Employer:** The collective agreement enables collaboration and trust between the employer and employee, crucial factors for the success of a company. The agreement can also support the company's strategy and goals, enhancing its competitiveness and innovation.

# Challenges and development needs of the collective agreement

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The collective agreement is not perfect and does not solve all workplace problems. The collective agreement also faces challenges and areas for improvement, which are related to issues such as:

**Unionization Rate:** The effectiveness and representativeness of the collective agreement depend on the extent to which employers and employees are organized, meaning they have joined an employers' or employees' union. In Finland, the unionization rate is high compared to many other countries, but it has been declining in recent years. This trend may weaken the negotiating power and universality of the collective agreement.

**Local Agreements:** The flexibility and adaptability of the collective agreement depend on how much room the agreement allows for local agreements or workplace-specific negotiations. Local agreements are relatively limited in Finland compared to many other countries, but there has been an increase in recent years.

**Changing Work Environment:** The relevance and sustainability of the collective agreement depend on how well the agreement addresses the challenges and opportunities of a changing work environment. A changing work environment includes factors such as digitization, globalization, climate change, diversity, and new forms of work. This may require the renewal and reassessment of the collective agreement.

# The significance of a collective agreement in Finland

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- The collective agreement is an important part of Finnish working life and society. It affects the activities and well-being of employers, employees, and other stakeholders in many ways. The collective agreement also reflects Finnish culture and values, such as equality, democracy, trust, and cooperation.
- The collective agreement is a part of the Finnish system of collective bargaining, meaning that societal issues are resolved through negotiations and agreements among different parties. This system promotes stability, peace, and development in society, while reducing conflicts, inequality, and social exclusion.
- The collective agreement is also a component of the Finnish industrial relations system, where employers and employees organize into their respective unions and negotiate the terms of employment. The industrial relations system enables dialogue, understanding, and shared responsibility between employers and employees, enhancing the quality, efficiency, and competitiveness of the working environment.

# Main parties and their roles

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The collective agreement for universities is negotiated by

- Sivistystyönantajat ry (Sivista) on the employer's side and
- Juko (Akava), a negotiating alliance of about twenty unions
- Pro (STTK) and
- JHL (SAK).

The result is the General Collective Agreement for Universities, and the latest version can be found on the page: <https://www.sivista.fi/esittely/in-english/general-collective-agreement-for-universities/>

General collective agreement for universities

Law

<u>Working time</u>	♥	7 hours and 15 minutes per day	✘ <u>8 hours per day</u>
<u>Overtime compensation</u>	♥	Overtime is any work done in addition to 7 hours and 39 minutes per day and 38 hours and 15 minutes per week.	✘ <u>Overtime is work done in addition to 8 hours per day and 40 hours per week.</u>
<u>Temporary child care leave</u>	♥	Full salary for four working days at a time in the event of any sudden illness of the employee's child who is under ten years of age.	✘ <u>Four unpaid working days</u>
<u>Length of paid sick leave period</u>	♥	Maximum <u>length of 365 calendar days (75 %)</u>	✘ <u>Maximum length of 9 days</u>
<u>Pregnancy allowance and parental leave</u>	♥	Full <u>salary for 72 weekdays</u>	✘ <u>Not paid</u>
<u>Parental leave</u>	♥	Full <u>salary for the first 32 weekdays of the parental leave</u>	✘ <u>Not paid</u>
<u>Travelling expenses and per diem allowances</u>	♥	Is <u>paid</u>	✘ <u>Not paid</u>
<u>Right to holiday bonus</u>	♥	Is <u>paid</u>	✘ <u>Not paid</u>
<u>Annual holidays</u>	♥	Maximum <u>length of 7 weeks and 3 days.</u>	✘ <u>Maximum length of 5 weeks.</u>

# Current Issues in the Labor Market and Political Right to Strike

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# Government program for a strong and caring Finland

## **Deterioration of Employee Rights**

A "valid reason" is sufficient for an employee's dismissal.

Year-long fixed-term employment contracts do not require specific justification.

The first day of sick leave becomes unpaid.

### **Interruption of alternation leave.**

Resolving labor disputes is complicated by restricting the national mediator's authority.

Shortening the notice period for temporary layoffs and associated wage payment obligations to 7 days.

Elimination of the obligation to re-employ for companies and organizations employing fewer than 50 people.

Increase in employer's decision-making authority regarding employment conditions by promoting local agreements, regardless of whether the company belongs to an employers' association or the nature of employee representation in the company.

## **Restrictions on the right to strike.**

Limitations on the right to sympathy strikes and political industrial action.

Imposing a €200 fine on employees participating in an illegal strike.

Significant increases in strike fines.

## **Reductions in social security.**

Reduction of earnings-related daily allowance after two months.

Extension of the required qualifying employment period for receiving earnings-related daily allowance.

Extension of the waiting period for unemployment benefits.

Elimination of child supplements for unemployment benefits.

Monetization of the qualifying employment period for unemployment benefits.

Discontinuation of the accrual of the qualifying employment period in wage-subsidized work.

Reduction in housing allowance.

Payment of leave compensation upon termination of employment prevents eligibility for unemployment benefits during the staggered period.

Increased difficulty in obtaining livelihood support.

Removal of the additional 16-day increment for parental allowance.

Elimination of income-related protection thresholds for unemployment benefits and housing allowance.

Discontinuation of adult education allowance.

Weakening the safety net for unemployed older individuals.

# Political strike

**Political Strike -  
Political Industrial Action -  
Political Demonstration**

## **What is it?**

- A strike aimed at influencing political decision-makers when their decisions impact the professional, social, or economic status of workers, rather than focusing on the conditions within one's own industry.

# Political strike

## Is a political strike legal?

- A political strike is legal. An employee can legally leave the workplace during working hours or refrain from attending a scheduled shift to participate in a political strike against a political decision-maker.
- The condition for the legality of the strike is that it genuinely targets only political decision-makers, and no demands related to one's own collective agreement are presented during the strike. If demands regarding one's own collective agreement are also made during the strike, it generally becomes illegal.

# Political strike

## Is the employee obligated to inform the employer in advance about their participation in a political strike?

- The employee is not required to provide advance notice of participation in a political strike, and permission from the employer is not needed for participating in a political strike.
- The company can verify the absence in the time tracking for the purpose of salary payment.
- Practical guidelines vary somewhat by union, and you can obtain instructions from your own union.

# Political strike

## What to do if a political strike only partially coincides with a work shift?

- The employee is obligated to attend their shift to the extent that it does not overlap with industrial action.
- Therefore, the employee is required to come to work before the industrial action or return to work after the industrial action if their shift starts or ends before it.
- A short legal industrial action does not justify an absence for the entire duration of the shift.

Thank you!

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