

## **Contents of Collective Agreements and Their Importance in Finland: Problem Definition**

G.V. Shoniya

Department of Labor and Social Welfare Law,  
Kutafin Moscow State Law University, Moscow, Russia

---

**Abstract:** In this study, the researcher reviews the concept and contents of a collective agreement under the legislation of Finland. Based on the existing collective agreements, he offers his conclusions and compares legislation on collective agreements in Finland and Russia on certain issues.

**Key words:** International, collective agreement, international labour organization, Finland, labor law, labor, employees

---

### **INTRODUCTION**

Labor in a person's life is definitely important, because more than a half of our lives we spend at work and therefore, it is necessary to create optimal conditions for labor effectiveness and safety. Such conditions at the workplace shall be created by an employer however, these issues are resolved more efficient and more productive by collective agreements when not only the employer is engaged in making the corresponding decisions but also employee's representatives and sometimes the authorities (in case of a three-party basis).

Basic human rights and freedoms in the field of labor relations help employees to find a job, govern the rules in the labor market and protect the interests of the weakest party in labor relations – an employee. According to the terminology used in the United Nations (UN) in the field of human rights these rights are economic rights by nature and refer to economic, social and cultural rights manifested by the UN Pact. Legal regulations relating to the field of labor law are part of social rights in Europe. International legal regulation of labor relations also concerns issues such as cooperation at the work places, collective bargaining and collective labor agreements. National legislation in Finland on labor includes a large number of laws with contents influenced by the legislation of the European Union (EU). On the other hand, in Finland, many issues are resolved through collective labor agreements, to which the EU powers apply only partly. EU assigned many issues relating to collective labor law to the exclusive competence of the countries-members of the EU (Treaty on the Functioning of the European Union TFEU, Art. 153) although, the EU Court of Human Rights in its judgments often seeks transfer of the right to make such decisions to the European Union (Shonia, 2016).

### **MATERIALS AND METHODS**

**Main part:** ILO Convention No. 98 dated July 1, 1949 “Concerning the application of the principles of the right to organize and bargain collectively” (establishes the following principles) employees should enjoy protection against any discriminatory acts aimed at infringing the freedom of association in the field of employment) the employment or maintaining employment of the employee is prohibited subject to condition that he shall join a trade union or has left a trade union is prohibited) it is prohibited to dismiss or otherwise prejudice an employee on the grounds that he is a member of a trade union or participates in trade union activities not within working hours or with the consent of the employer, within working hours. ILO Recommendation No. 91 dated June 29, 1951 “Concerning collective agreements” specifies that a “collective agreement” means any written agreement regarding working and recruitment conditions, concluded, on the one hand, between the employer, a group of employers or one or more employer's organizations and on the other hand, one or more representative employee's organizations or in the absence of such organizations, the representatives of the employees themselves, duly elected and authorized under the legislation of the country.

The European Social Charter provides for the right to collective bargaining, consolidating the state's duty to facilitate conduct of joint consultations between employees and employers; establishing mechanisms to conduct voluntary negotiations between employers or employer's organizations, on the one hand and employee's organizations on the other, to regulate conditions of employment by means of concluding collective agreements; establishing and using the appropriate mechanism for conciliation and voluntary

arbitration to settle labor disputes and recognizing the right of employees and employers to collective actions in cases of conflicts of interest, including the right to strike subject to fulfillment of obligations that might arise out of the previously concluded collective agreements.

## **RESULTS AND DISCUSSIONS**

It should be noted that Finland as a member of all the above international treaties fulfills its obligations under international treaties and reflects principles set forth in these treaties in its national labor law, sometimes anticipating them. Thus, the Finnish law on collective agreements was adopted earlier than the ILO Convention No. 98 or the European Social Charter (October 18, 1961, rev. in 1996).

Definition of the collective agreement is contained in the Finnish law on collective agreements (Shonia, 2016). The first study of the above law stipulates that the collective agreement is an agreement concluded between one or more employers or employer's association on the one hand and one or employee's representatives on the other. The content of such agreements may include the terms of employment and conditions which the parties must comply with in conclusion and execution of the collective agreement.

According to this law, collective agreements may be adopted at different levels: national (general), industry, regional and immediately in the organization. Such contracts are adopted according to the same rules. The exceptions are collective agreements adopted in the public sector, i.e. in relation to state and municipal employees for which special rules are established.

Since 1968, organization and conclusion of collective agreements adopted at the national level (the General Agreement), includes participation of the government of the country. Usually these agreements address issues of salary increase issues of social security and pension benefits, educational benefits, annual leaves, unemployment benefits, etc. Such agreements are concluded for a period of one or 2 years. A feature of such agreements is that as soon as the Federation of trade unions and employer's federation who worked on the basic text, reach agreement on the key issues, more detailed issues are subject to discussion, concerning legal regulation of labor of certain categories of employees and on individual enterprises. If ultimately negotiations on these issues are not successful, a separate collective agreement is adopted for this category of employees. Usually it concerns the issues of regulation of salary and working conditions. For example, currently Metallurgist Trade Union (Metalli) concluded eight such agreements (Shonia, 2016).

Thus, the "main" (General) agreement on the main issues is adopted at the national level and providing the necessary minimum of guarantees for employees. Then, certain issues are clarified and varied depending on the agreement level. Other agreements may not deteriorate the situation compared with the national agreement. General agreement applies to all employees both members and non-members of the trade union.

Contents of collective agreements usually include the following issues: establishing a minimum wage; recommendations for establishment of wage systems; working hours (on average usually not >36.6 h per week, for example, for the employees of metallurgical industry); payment of disability certificates and maintaining the salary for the period of maternity leave; the order of involvement and payment for overtime work; payment of days of national holidays; trade union rights. Quite often, collective agreements include a condition of refusal of employees to strike during the term of the said agreement. The individual employment agreement of each employee, among other conditions, contains an obligatory clause on a certain collective agreement applying to this employee, depending on the industry where the employee works (the applicable collective agreement).

For example, in Finland, in the field of high-tech industry, at the industry level a collective agreement is concluded for the period from November 1, 2013 to October 31, 2016 (Shonia, 2016; Shonia, 2016), where the employer is represented by the employer's federation of Finnish technology industries and the employees are represented by the metallurgist trade union of Finland. The parties note that, in accordance with the Finnish law on collective agreements, the terms of the collective agreement apply and are binding on all members employers of the said Federation (250 consulting and engineering companies are the members of the Federation). It is noteworthy that the terms of this collective agreement cover the employers of this industry branch that have not joined the agreement.

The said agreement addresses the following issues: wages and its individualization (bonuses and allowances), indexation of wages; guarantees for employees aged under 18, students, trainees, persons with disabilities; bonuses and incentives; the average hourly wage for employees; working hours and rest time; work on weekends and public holidays and the rules for its payment; occupational health and safety at work; guarantees to employee's representatives as well as to representatives of the employees involved in collective bargaining; social security (payment of maternity benefits, child-care leave and possibility to provide it not only to the mother but also to the father); periodic medical

examinations; a procedure and grounds of dismissal and provision of guarantees at dismissal; guarantees to employees in case of bankruptcy of the employer and reorganization; periods of notifying the employees of termination of the labor contract; a procedure of terminating an employment contract; a procedure of negotiating in case of dismissal of employees at rundown; compensations to unjustifiably dismissed employees; review of labor disputes (procedure and terms); activity of trade unions, negotiations, resolution of collective disputes; other issues (the use of subcontractors, work with employment agencies, provision of information, trade union membership); training.

### CONCLUSION

Collective agreements in Finland also take into account the interests and peculiarities of legal regulation of labor of certain categories of employees and organizations and adopt a collective agreement which reflects such peculiarities. For example, in technology industry branch, additional collective agreements are adopted for "blue collars" (Shonia, 2016). An overview of such collective agreements leads to the conclusion that such collective agreements are concluded by Metallurgist Trade Union in high-tech technology industry and at mines. The agreements stipulate issues of step-by-step wage increase (2013, 2014 and 2015); wage increase for employees (personal bonuses) working in the evening (from 14.00 till 22.00 pm) and night shift (from 22.00 till 06.00 am); some amendments to the collective agreements (for example concerning validity of industry collective agreements, their particular structure, clarity and understandability for employees, on-line availability of collective agreements); rules of use of labor agency employees; an agreement that the employer may not dismiss permanently employed employees while using labor of agency employees; conditions of the use of labor of the oldest employees of the enterprises (employees after 58 year old) (issues of extending the career of old employees, possibility of providing them with flexible working hours, innovation, providing extra bonus exchange of record of work to the rest periods, allowances for employment years); possibility of concluding an employment contract for one year with the employees after 58 year of age; possibility to be absent at work due to illness (up to 3 day) upon agreement with the chief; a procedure for reduction of staff; a procedure for retraining/advanced training; provision of a leave for fathers at child birth (6 day). In addition, collective

agreements provide guarantees on wages, the use of normal working hours and provision of annual leaves to foreign employees along with Finnish employees. The principle of providing such employees with guarantees not less than stipulated by the legislation of Finland is established. This principle also applies to employees working in foreign subcontracting companies, employees seconded to work in another organization of the same corporation. Interestingly those issues of a favorable psychological climate at the workplace (mutual discussion of issues, consultations, availability of various kinds of information including about dismissal) are separately addressed. Finnish collective agreements proclaim quite a popular slogan "common goals common interests" that is no longer remembered in Russia. The terms of so-called coaching are also included and also the transfer of professional skills that have been forgotten long ago in the Russian Federation.

Collective agreements in Finland play an important role in cooperation of employees, employers and the state. They define a base (a "foundation") for contents of individual labor agreements. Terms of individual labor agreements cannot worsen the position of employees in comparison with collective agreement (principle of favorability). In addition, a collective agreement provides equal position to employees (citizens of the country and foreign employees) in the labor market, providing the same working conditions, guarantees and compensations. The system of collective agreements in Finland allows using them as a flexible tool for regulating labor conditions at any level of their adoption. Thus, along with the labor legislation of Finland adopted in a centralized manner, collective agreements do not lose their importance. They contribute to versatility of the legal regulation of labor of employees, fill in the gaps of the centralized legislation, establish additional rights and guarantees for employees, allow taking into account and applying the latest scientific research and techniques.

### REFERENCES

- Shonia, G.V., 2016. Collective agreements. Swedish Metalworkers' Union, Stockholm, Sweden. <https://www.metalliliitto.fi/web/en/collective-agreements>.
- Shonia, G.V., 2016. Finland labor law and employment contract guide. KOTRA Overseas Market News, Korea, East Asia.
- Shonia, G.V., 2016. New technology industry. Netherlands. EU. <http://new.teknologiateollisuus.fi/en/labour-market/collective-agreements.html>.