Making an Employment Contract

The form and duration of the employment contract

An employment contract can be made orally, in writing, or electronically. It is recommended that the employment contract be made in writing.

The employment contract is either valid until further notice or fixed-term. Making a fixed-term employment contract at the initiative of the employer requires a justified reason, such as substitution or the seasonal nature of the work. Only a long-term unemployed person may be hired for a fixed-term employment relationship without a justified reason. A long-term unemployed person is considered to be a person who has been continuously unemployed for the previous 12 months. The total duration of such a fixed-term employment contract, consisting of up to three periods, is one year.

At the employee's request, the employment contract can always be made fixed-term.

**Probationary period**

The employment contract may include a probationary period. The duration of the probationary period is up to six months. During it, either party may terminate the employment contract without following the termination grounds stipulated in the Employment Contracts Act. The employer has the right to extend the probationary period if the employee has been absent from work due to incapacity for work or family leave for more than 30 calendar days during it.

**Fixed-term employment contract**

A fixed-term employment contract binds both the employer and the employee for the entire term of the contract. A fixed-term employment relationship ends when the agreed term expires or the agreed work is completed. Before the end of the contract period, a fixed-term employment contract can only be terminated on the basis of just cause.

**Clarification of the key terms of employment**

The employer must provide the employee with a written clarification of the key terms of employment if they are not defined in the written employment contract. Such terms include, among others,

* the start time of work
* the duration of the fixed-term contract and the basis for the fixed term or information that it is a fixed-term contract with a long-term unemployed person
* the employee's duties
* workplace
* the basis for determining the salary or other compensation
* the working hours to be followed
* the calculation of annual leave
* any legal, contractual, or customary right to training provided by the employer
* the insurance company where the employer has arranged the employee's pension security or insured the employee for occupational accidents and diseases
* the notice period or how it is determined, as well as
* the collective agreement applicable to the work.

In contracts for varying working hours, as well as in temporary agency work and foreign work lasting at least one month, the employee must also be provided with certain additional information prescribed by law.

**Minimum wages**

Minimum wages and other minimum conditions of employment applicable to employment are determined by sectoral collective agreements. An employer who is a member of an employer association is obliged under the Collective Agreements Act to comply with the collective agreement concerning employees in its employ.

National and generally applicable collective agreements are declared generally binding. An employer who is not a member of an employer association is obliged to comply with the provisions of the generally applicable collective agreement on the minimum conditions of employment when carrying out work covered by the collective agreement.

The employer and the employee can always agree on better terms of employment than those stipulated in the collective agreement.

If there are no collective agreements in the employer's industry, the employee and the employer are free to agree on the salary to be paid to the employee. However, the contractual provision regarding salary cannot be unreasonable. There is no minimum wage law in Finland. The Employment Contracts Act also does not stipulate the amount of salary to be paid to the employee, but the salary must be usual and reasonable.