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Factsheet for case FI-2020-14/256

Shortened notice period for temporary lay-offs

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| Country | Finland, applies nationwide |
| Time period | Temporary, 01 April 2020 - 30 June 2020 |
| Type | Legislation or other statutory regulation |
| Category | Employment protection and retention – Changes to dismissal law or employment protection legislation |
| Case created | 03 April 2020 (updated 23 April 2020) |

Background information

In order facilitate fast adaptation of businesses to the weakened demand of services and products, amendments to the Employment Contracts Act (2001/55) have been made. These amendments shorten the notice period for temporary lay-offs.

In Finland, employers are responsible for informing about temporary lay-offs. In normal circumstances, the notice period for temporary lay-offs is 14 days. As a result of the COVID-19 outbreak, the Act was amended in March 2020 and therefore the notice period will be 5 days between April and June 2020.

Many collective agreements further regulate the notice period for temporary lay-offs and these regulations laid down in collective agreements shall apply. At the time of writing, around 90% of collective agreements have been adapted to reflect the temporary provisions.

Content of measure

This measure covers all employers that need to temporarily lay off personal.

Employees may be laid off when the potential of the employer to offer work has diminished (either temporarily or permanently) and the employer cannot provide the employee with other suitable work or training.

The right to shortened notice period is not applicable to the public sector employers.

There are no direct monetary aspects involved in this measure. However, considering that during the notice period companies must pay employees' salary whereas during lay-offs the state and unemployment funds pay out unemployment allowance (or labour market subsidy) for the employees, the shortened notice period has significant financial benefits for companies as it allows them to faster adapt to the COVID-19 related market disturbances.

Use of measure

No information to date.

Actors, target groups and funding

| Actors | Target groups | Funding |
|--|----------------------------|-----------------------------|
| National government Social partners jointly | Employees All companies | No special funding required |

Social partners

| | |
|-------------------------|-----------|
| Role of social partners | Consulted |
| Form of involvement | Other |

In March 2020, the social partners jointly proposed a set of actions for the Finnish Government. These proposed measures seek to amend labour law and facilitate adaptation of businesses to the new circumstances. Shortening the lay-off notice period was among the proposed measures.

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 10 April 2019: European Monitoring Center on Change - Finland: temporary lay off (www.eurofound.europa.eu)
- 20 March 2020: Social partners' proposal to help businesses in the corona crisis (akava.fi)
- 31 March 2020: Notice period for lay-offs and the duration of co-operation negotiations will be temporarily shortened (tem.fi)