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Finland: Working time flexibility

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Finland

Phase:

Management

Type:

Working time flexibility

Last modified: 10 December, 2021

Native name:

Työaikalaki (872/2019), Työsopimuslaki (55/2001)

English name:

Working time act (872/2019), Employment contracts act (55/2001)

Article

Ch. 4,5 and 6 of Working time act (872/2019); Ch. 5 of Employment contracts act (55/2001)

Description

Regulation regarding overtime

According to the [Working time act \(872/2019\)](#) (in Finnish), overtime implies that working time exceeds eight hours a day or 40 hours a week in the regular working time regime. Slightly different rules are applied to the less common working time regimes (the average regular working time regime, period-based work, flexible working hours and flexiwork).

In accordance with section 17 of the act, overtime has to be particularly agreed with the employee each time it is needed, although a more generally applicable agreement on overtime can be made for a brief and predefined period of time. Working time shall not exceed an average of 48 hours per week over a period of four months. Furthermore, the daily rest period of at least 11 hours must be followed.

Overtime exceeding daily, or weekly regular working hours is to be remunerated by the regular wage plus 50% or 100%, depending on the number of overtime hours (section 25 of the act).

Regulation regarding temporary lay-offs

According to section 9 of [the Employment contracts act \(55/2001\)](#), the term 'lay-off' means a temporary interruption of work which does not affect the employment relationship in other aspects. The lay-off may be valid until further notice or may be valid for a fixed period. Employees can be temporarily laid-off when the work offered has diminished substantially and permanently. Other valid reasons are financial or production-related reasons or for reasons arising from reorganisation of the employer's operations. Employees with fixed-term contracts can only be laid off if they are substituting permanent employees who could be laid off if they were working.

Employees must register with the public employment services, on the first day of the lay-off at the latest, in order to receive the unemployment benefits they are entitled to during the lay-off. A temporary lay-off can be either on a full-time basis, or it can involve a reduction in regular working hours. The law does not specify a maximum duration for a temporary lay-off.

Comments

System of temporary lay-offs

The lay-off system acknowledges company's need to maintain its professional workers, even during periods in which they cannot provide their employees with employment. Temporary layoffs constituted the principle means by which Finnish enterprises tried to minimise dismissals and to survive the recession following the financial crisis in 2008-2016. However, as the Finnish economy recovered, the number of temporary layoffs decreased. In February 2019, there were some 16,000 full-time employee layoffs, compared to 17,000 in February 2018, 23,300 in February 2016 and 30,500 in February 2015. The majority of layoffs last a fixed period of time, and the average duration was 58 days in 2017.

The COVID-19 pandemic have significantly increased the number of employees that have been laid off either on a full-time basis or whose working hours have been shortened. In April 2020, the number of employees who were laid-off on a full-time basis was 164,000. This is 152,000 employees more than the number in April the year before. The number of employees whose working hours had been temporarily reduced was 20,300, which is 14,500 more than the number in April the year before. Since then, the number has decreased significantly. In May 2021, 41,200 employees were laid off on a full-time basis and the number of employees whose working hours had been decreased was 14,900. Information regarding lay-offs is published every month by the Ministry of the Economic Affairs and Employment in their [Employment Bulletin](#).

Although trade unions acknowledge the value of this labour market instrument, they identify difficulties. In some situations, trade unions argue that instead of laying off employees, the employer should keep them and invest in training and other qualification measures. According to the unions, good practice examples do exist of companies that have concluded co-determination negotiations with employees and local labour authorities, resulting in the provision of training for temporarily laid-off staff. Trade unions also consider a significant number of temporary lay-offs as being economically unjustified. Trade unions argue that in some cases, employers dismiss staff temporarily without a genuine need. At the same time, the unions wish to highlight the impact of temporary lay-offs on the employees who are not laid off, but continue to work in the company. These workers are often responsible for both their own work as well as the duties of those of who have been laid off. This can result in extended working hours without proper compensation.

Other remarks

- In March 2019, the Finnish parliament passed the proposal on a new Working time act (2019/872), which entered into force on 1 January 2020 and replaced the Working hours act (1996/605). The legislative framework remain the same for most parts but changes were be made to increase the flexibility in terms of working hours and telework.
- Working time bank: The so-called working time bank system allows employees to work extra in exchange for additional vacation days. It is regulated either by the Working time act or by collective agreements. The system is supposed to consider employees' individual needs and to improve productivity and competitiveness. The employer and employee agree individually on the use of the working time bank within a framework negotiated by the employer and an employee representative. Collective agreements may also regulate the use of working time bank. For instance, such agreements can rule that working time deposited in the bank must be used before lay-offs can take place.

Cost covered by

Employer
National government

Involved actors other than national government

Public employment service

Thresholds

No, applicable in all circumstances

Sources

- ▣ Voss, E., Maack, W. Joint study on restructuring in the EU 27. Final phase. Finland - National dossier. Joint European Level Social Partners' Work-Programme 2009 – 2010. Aritake-Wild, 2009
- ▣ [Employment contracts act \(55/2001\)](#)
- ▣ [Työsopimuslaki \(55/2001\)](#)
- ▣ [ERM database on restructuring support instruments - Temporary layoff](#)
- ▣ [Working hours act \(605/1996\)](#)
- ▣ [Työaikalaki \(605/1996\)](#)
- ▣ HS (Helsingin Sanomat) (2019), Eduskunta hyväksyi työaikalain uudistuksen, joka tuo asiantuntijatyöhön lisää joustoa: Tässä ovat keskeiset muutokset , 13 March.
- ▣ Ministry of Economic Affairs and Employment TEM (2019), 'Työllisyyskatsaus Helmikuu 2019'
- ▣ Ministry of Economic Affairs and Employment (2020) Measures that have brought security and flexibility to labour markets during coronavirus epidemic will be extended
- ▣ Ministry of Economic Affairs and Employment (2020) Työllisyyskatsaus Huhtikuu 2020
- ▣ [Working time act \(872/2019\)](#)
- ▣ Ministry of Economic Affairs and Employment (2021) Työllisyyskatsaus toukokuu 2021 [Employment bulletin May 2021]
- ▣ [Työaikalaki \(872/2019\)](#)

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