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European Trade Union Institute
2021

Sippola , M 2021 , Job retention schemes in Europe : Finland . European Trade Union
Institute , Brussels .

<http://hdl.handle.net/10138/355223>

publishedVersion

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Job retention schemes in Europe

Finland

Markku Sippola¹

Note on ETUI classification of job retention schemes (JRSs): All job retention schemes (JRS) share the objective of preserving the ties between companies and their employees in times of temporary economic difficulties. They support incomes of workers who keep their employment contract even if the work is fully suspended. Depending on the primary objective and the nature of support, three different categories of JRS can be distinguished:

(1) Short-time Work Scheme (STW): The key objective of STW schemes is to provide support to companies to retain their employees in times of economic difficulties. The company receives financial support for the employees' wages paid for the time not worked. The extent of working time reduction can vary, including also a full work suspension.

(2) Furlough Scheme (FS): FSs can be best understood as temporary unemployment. The financial support is thus paid directly to the worker for the period of partial or full working time suspension. The aim of a FS is to enable companies to reduce their wage bill by temporarily laying off (parts of) their workforce. While retaining the ties with the employer, workers on the FS scheme are available to seek alternative employment. Integrated into the existing system of unemployment insurance, FSs can be seen as a tool to facilitate the transition towards a new job.

(3) Wage Subsidy (WS): The main objective of WS is to preserve employment through subsidizing companies' wage bills. For this purpose, a company in temporary financial difficulty receives financial support per employee, regardless of whether or not working time of specific employees is reduced. The employees keep receiving their wages. Permissible wage adjustments are not directly related to working time reductions.

Key characteristics of the job retention scheme

ETUI classification of the job retention scheme (JRS)	Furlough Scheme (FS)
Name of the scheme	Lomautus (temporary lay-off scheme or TLS) Lyhennettyä työviikkoa tekevät (shortened work week or SWW); this is a special form of TLS, in which unemployment benefit is paid as adjusted to the number of weekdays for which the person is laid off.
Start date of the implementation of the special Covid-19 JRS rules	The TLS has been in Finnish legislation since 1970 (Okkonen 2016, 41) (terms for employees were improved in 1978). Since March 2020, during the Covid-19 pandemic the regular temporary lay-off scheme has been made more flexible. Current changes to the existing system therefore focus mainly on the employer's period for giving notice and eligibility criteria for the earnings-related daily benefit.

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Eligibility	<p>Temporary amendments to the Labour Code in 2020 (due to the Covid-19 crisis) concern the private sector only:</p> <ol style="list-style-type: none"> (1) the government allows the self-employed and freelancers access to unemployment benefit during the crisis. There are plans to extend this rule until 31 March 2021; (2) the 5-day waiting period before one begins to receive unemployment security has been removed; (3) any unemployment benefit paid for days between 1 July and 31 December 2020 will not count towards the maximum benefit payment period (300/400 days), irrespective of when the claimant began receiving benefit or the basis for such a payment; (4) the condition regarding previous employment is reduced from 26 weeks to 13 weeks. A further condition of receiving earnings-related daily allowance is that the employee must have been a member of an unemployment fund over the same period; (5) the employment condition for a family member of a self-employed person is shortened from one year to six months. <p>In addition to these rules the following Corona-related temporary changes to the Temporary Lay-Off Scheme are in force until the 31st of December 2020.</p> <ol style="list-style-type: none"> (1) Shortening Lay-Off procedure from 14 days or six weeks to 5 days (2) Shortening Lay-Off notice period from 14 to 5 days. The employer will pay salary for the Lay-Off notice period, that is, for 5 days. (3) Full right to temporarily lay-off fixed-term employees (4) Clarifying the possibility to use legal emergency clause to lay-off during Covid-19 (5) Government to secure the funding of unemployment benefits for laid-off (6) The responsibility of the employer for taking back the laid-off worker in case the firm's economic situation improves lengthened from 4-6 months to 9 months
Exceptions (category of workers or companies excluded from support)	None.
Duration of support (maximum duration for which JRS support is paid)	The duration of the earnings-related benefit for an unemployed/temporarily laid-off person depends on the time they were in employment. The maximum duration of the earnings-related benefit is 400 days if the employee has been in employment for at least three years. If tenure has been less than three years the duration is 300 days. After receiving the earnings-related benefit for 300/400 days the employee gets the basic unemployment benefit of €33.78/day (if the employee has children and/or participates in an employment policy activity the basic benefit is slightly higher).
Level of support for employees (percentage of gross or net wage, please also specify whether social security contributions are covered)	The same level of support and criteria for granting the benefit apply as under the regular unemployment benefit in Finland. The benefit can be either earnings-based or a basic benefit. The basic benefit is €33.78/day, plus additional payments for people with children. The level of the earnings-related benefit varies from below 40% to 90% of the wage, based on a complex formula to calculate the level of the benefit for those who fulfil the eligibility criteria. Under normal (non-Covid-19) conditions, the eligibility criteria of the earnings-related benefit are as follows: at least 6 months' membership of an unemployment insurance fund, where the employee has been working for at least 18 hours per week for 26 weeks during the previous 28 weeks at a wage of €1,236 per month or more (if these criteria are not met the employee is not eligible for the earnings-related benefit and will only receive the basic benefit at €33.74 per day). The earnings-related benefit is progressive so that a person on lower wages receives a higher percentage than a person earning more. These criteria have been changed a little because of the Covid-19 crisis (see section on 'Eligibility' above).
Cap on support (maximum amount of JRS support payable)	See above.
What share of the support is covered by the state and by the employer?	The financing of the TLS scheme and unemployment insurance comes from similar sources. Of the financing of total unemployment benefits in 2019, the state paid 54%, employers 13%, employees 19%, municipalities 11%, and the members of unemployment funds 3%.
Dismissal protection	Employment can be terminated during temporary lay-off. There is a normal dismissal procedure.
Role of collective bargaining in the adoption and implementation of JRS support	The clauses in the collective agreement in a given sector are given precedence over temporary amendments to the labour law so that if, for example, a certain period of notice for TLS has been negotiated in the agreement, that clause stands.

Special conditions for support to avoid misuse of the system (for instance, ban on paying out dividends or bonuses; ban on share buybacks or operating from tax havens)

There are legally well-grounded criteria for temporary lay-offs in Finland (the Covid-19 period is not exceptional in this regard). If such a measure is implemented until further notice, the reasons need to be as robust as in the case of individual or collective dismissals. For a shorter period (up to 90 days), there needs to be evidence that the amount of work has decreased temporarily and the employer cannot offer other work or training.

Special provisions as regards training/ requalification/ reorientation of employees on JRS

Those laid-off (on the temporary lay-off scheme) after 16 March 2020 have been temporarily allowed to study full-time without losing unemployment benefit. This arrangement will remain in force until the end of 2021.

Quantitative data

How many workers were on JRS each month? (Please indicate whether these are applications for JRS or the actual numbers of workers on JRS)	Temporary lay-off scheme (TLS)		Shortened work week (SWW)	
	March 2020	April 2020	May 2020	June 2020
	65,300	163,700	8,700 (y-y: +50,400; +2,800)	20,300 (y-y: +152,100; +14,500)
	158,100	117,000	23,200 (y-y: +149,800; +17,700)	20,600
	82,000	77,800	18,000	18,800
	61,000		16,900	
	56,700		16,900	
	57,200		17,700	
	58,000		18,400	
	77,800		18,800	

Which sectors were most affected at the beginning of the pandemic in March/April and towards the end of the period studied in November/December? (as a percentage of overall number of workers on JRS)	Top-10 occupations resorting to TLS in 2020	Situation on 28 February 2020 (% of total)	Situation on 11 May 2020 (% of total)	Situation on 5 October 2020 (% of total)
	No occupation		1,205 (6%)	33,897 (20%)
Restaurant and catering workers		159 (1%)	11,919 (7%)	2,966 (5%)
Construction workers		3,176 (17%)	4,057 (2%)	2,530 (5%)
Salespeople, shopkeepers		268 (1%)	12,738 (7%)	2,047 (4%)
Waiters/waitresses		64 (0%)	6,361 (4%)	1,830 (3%)
Travel service workers, train conductors, guides		57 (0%)	2,339 (1%)	1,762 (3%)
Sales, marketing and communication experts		155 (1%)	5,065 (3%)	1,505 (3%)
Heavy vehicle drivers		883 (5%)	4,491 (3%)	1,377 (2%)
Manufacturing assembly workers		508 (3%)	1,885 (1%)	1,316 (2%)
Foundry workers, welders, sheet-iron workers etc.		751 (4%)	1,804 (1%)	1,300 (2%)
Total (all occupations)		18,740 (100%)	170,100 (100%)	55,712 (100%)

Is there any data on how much money the state spent on JRS and over time? (in absolute figures and as a percentage of GDP)

In a supplementary budget in April 2020, the government allotted a supplementary €794 million for temporarily laid-off workers and unemployment benefit schemes because of the Covid-19 crisis. This additional costs amounts to 0.3% of GDP at current prices in 2020.

Information on non-standard workers and JRS²

Do non-standard workers (NSW) have access to the regular JRS scheme or are there other support schemes, for instance for the self-employed?³	The temporary labour law amendments of 1 April 2020 made it possible for employers also to lay off workers with a temporary work contract (not previously permitted) on economic grounds, so that they are eligible for TLS. Furthermore, entrepreneurs (including freelancers) were also made eligible for regular labour market support on the basis of a sudden decline in product/service demand. The measure is in force until 31 March 2021. From April to September 2020, the Social Insurance Institution (Kela) paid this support to 42,500 entrepreneurs.
What are the eligibility criteria?	Not available.
How is the financial support for non-standard workers calculated?	Not available.
Which sectors were most affected in terms of providing support to non-standard workers?	Not available.
Are there any measures for training/requalification/reorientation for non-standard workers?	Not available.

References

Okkonen A. (2016) Vuoden 1970 työsopimuslaki, työsopimuslakikomitea ja Erkki Salomaan eriävä mielipide [The 1970 Employment Contract Law, the committee for the employment contract law and Erkki Salomaa's dissentient opinion], MA thesis in Social Research, University of Tampere.

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2. Non-standard workers include workers with a temporary work contract, platform workers, temporary agency workers, multiparty employment, disguised employment/dependent self-employment, freelance workers, etc.
 3. The following questions refer to any existing schemes for non-standard workers.