

FINLAND – National Report

THE SYSTEM OF LABOUR RELATIONS

Organization principle

In the private sector, employees are usually organized on an industry-by-industry (sectoral) basis. Many collective agreements are thus also concluded on the same basis, because this is also the pattern for the organization of employers. Electricians and bus and lorry drivers are exceptions; they have trade-based unions and therefore several different collective agreements applying to electricians and drivers working in numerous different fields.

Salaried (white-collar) employees are far more often organized in accordance with their profession or training, and thus their collective agreements are also – although not without exception – concluded accordingly. There are about 180 national sector-specific or trade/profession-based collective agreements, in addition to which there are numerous agreements which apply only to one company or a limited region.

Parties

In the public sector, the terms and conditions of civil service relationships are still agreed in a highly centralized manner. The State Employer's Office, the Commission for Local Authority Employers and the Church of Finland Negotiating Commission each conclude only a few civil service agreements with the civil service unions. The (ordinary) collective agreements for (private-law) State workers and employees are concluded separately for each department or agency. In the municipal and ecclesiastical sectors, collective agreements for other (private-law) employees are also concluded centrally.

Blue-collar workers are organized in the Central Organization of Finnish Trade Unions (SAK). The SAK has 24 member unions with a total of 1,071,000 members.

White-collar workers are organized in two different central organizations. The Finnish Confederation of Salaried Employees (STTK) has 24 member unions, with a membership of 644,000 salaried employees and civil servants. The Confederation of Unions of Academic Professionals (Akava) has 32 member unions with a total membership of 391,000, mainly comprising employees with a university degree or college education.

The organization level of employees in Finland is quite high, at 80-90 %.

Private-sector employers are organized in two central organizations. The Confederation of Finnish Industry and Employers (TT) represents primarily industrial employers. The TT has 29 member associations representing 5,660 member companies. Collective agreements concluded by the member associations of the TT apply to the employment relationships of about 538,000 white-collar and blue-collar employees. The 12 member organizations of the Employers' Confederation of Service Industries (PT) represent 8,300 companies in the service industry – e.g. shops, banks, insurance companies, restaurants, pharmacies, etc. – and the collective agreements apply to the employment relationships of 350,000 white-collar and blue-collar employees.

The State employs 127,000 people; 94,000 of them are employed in a civil service relationship under public law and slightly under 33,000 in an employment relationship under private law. On behalf of the State, collective bargaining is handled by the State Employer's Office within the Ministry of Finance. The collective agreements are concluded separately for each agency and department. The municipalities and joint municipal authorities employ 405,000 persons, of whom 58 % are municipal or local civil servants and 42 % other employees. The municipal collective agreements are concluded by the Commission for Local Authority Employers, which under a special Act (254/1993) represents all the municipalities and joint municipal authorities in Finland. The Evangelical-Lutheran Church employs 19,00 people, 8,460 of them civil servants and 10,580 other employees. The collective bargaining is, by law, centralized like that for the municipalities, with the Church of Finland Negotiating Commission concluding collective agreements.

The labour market organizations occupy a fairly important position in Finnish society, and especially in social policy. They contribute to economic and incomes policy in several different ways, they enjoy – in accordance with ILO conventions and recommendations – a significant position in the preparation of legislation, and they are represented on the Labour Court, the Labour Council, etc. Their most important function, however, remains the conclusion of collective agreements and their practical application.¹

Incomes policy and other forms of co-operation

Economic Council

Principles and activities

The Economic Council of Finland, chaired by the Prime Minister, is a body for facilitating co-operation between the Government, the Bank of Finland and major interest groups. The Economic Council meets at least once a month to discuss economic and social issues that are of central importance to the success of the nation.

The aim is to strengthen and deepen wide-ranging and analytical discussion on economic policy options and to foster debate when taking decisions. The Economic Council addresses issues relating to growth, stabilisation and incomes policy and questions of a structural nature. The discussions in the Council are confidential.

Under a decision of Parliament in 1998, the Economic Council also acts as a forum for dialogue between the Government, the social partners and the Bank of Finland concerning the monetary policy of the European Central Bank. The Council participates in cooperation among the economic and social councils of European Union Member States.

¹ Tiitinen, Kari-Pekka – Ruponen, Ilkka: Mediation of the Collective Interest Disputes. Publications of the Finnish Labour Law Society, No. 1. Helsinki, 1999

The issues discussed in the Economic Council can be divided into four groups:

1. Questions related to the future economic environment in Finland and the consequent future challenges.
2. The factors affecting economic success in a country such as Finland, i.e. a small country participating in Economic and Monetary Union.
3. Means to achieve sustainable improvements in employment and the need to reform the Finnish welfare state in an internationalising economy.
4. Improving institutional structures and the operation of markets to promote well-being.

The Secretariat of the Economic Council is located at the Prime Minister's Office. The Economic Council regularly appoints independent expert groups, working under the Secretary-General, to prepare reports on key issues and possible solutions. The reports are published on the responsibility of the Secretariat.

The Incomes Policy Information Commission

The Incomes Policy Information Commission prepares and acquires economic analyses and calculations for incomes policy negotiations and decision-making. Attention is given, in particular, to the movement of prices, wages and factor incomes, to the course of the real disposable incomes of various income recipient groups and sectors and to changes in price competitiveness. Furthermore, general economic developments are reviewed, statements are given about questions of significance for incomes policy and, when needed, alternative calculations are made concerning the effects of various incomes policy decisions and economic policy measures upon economic developments. In performing its tasks, the Commission has to monitor the incomes policy decisions taken in other countries and pay attention to the negotiation procedures applied abroad.

The Commission at present plays a significant part both as a producer of background information necessary for incomes policy negotiations and as an agency seeking to create unanimity about the economic starting points for these negotiations.

The Commission is appointed by the Government. The members of the Commission represent the Central organizations of the labour market parties and of various trades and industries. They are, as a rule, chief economists of their respective organizations. The chairmen and secretaries of the Commission are appointed among civil servants at the Economics Department of the Ministry of Finance.

Collective agreements²

Applicability between parties

A collective agreement is binding on the employers and associations who or which concluded the collective agreement and the registered associations which are subordinated directly or through one or more intermediaries to the associations mentioned. A collective agreement covers also the employers and employees who are members of an association bound by the agreement. The said employers and employees shall be required to observe the provisions of the collective agreement in all contracts of employment concluded between them.

² Collective Agreements Act (436/46)

An employer bound by a collective agreement shall not conclude, within the area covered by the agreement, any contract of employment containing clauses which are at variance with the collective agreement with an employee who, though not bound by the said agreement, performs work covered by the collective agreement.

Where any part of a contract of employment is at variance with a collective agreement applicable thereto, such part of the contract of employment shall be invalid and superseded by the corresponding provisions of the collective agreement.

Peace obligation

A collective agreement binds employers and associations to refrain from any hostile action directed against the collective agreement as a whole or against any particular provisions thereof. Furthermore, the associations which are bound by the agreement shall be required to ensure that the associations, employers and employees subordinated to them and covered by the agreement refrain from any hostile action and that they do not contravene the provisions of the collective agreement in any other manner.

An association and employer, party to the collective agreement or otherwise bound by it, which does not fulfill the responsibilities arising from the agreement shall pay a compensatory fine in lieu of damages. This maximum compensatory fine was determined at 23.500 euros in 1999, and the amount has to be updated every three years.

Where the provisions of a collective agreement have been disregarded to such a material degree that the other parties bound thereby cannot reasonably be required to continue to abide by the agreement, the agreement may forthwith be declared to be no longer binding. In practice, this provision has not been implemented for many decades.

General applicability³

The employer shall observe at least the provisions of a national collective agreement considered representative in the sector in question (generally applicable collective agreement) on the terms and working conditions of the employment relationship that concern the work the employee performs or nearest comparable work.

Any terms of an employment contract that is in conflict with an equivalent term in the generally applicable collective agreement is void, and the equivalent provision in the generally applicable collective agreement shall be observed instead.

The employer shall, within one month of the date on which the agreement was signed, deliver it as a paper copy and as stored on a technical medium to the ministry in charge of occupational safety and health and their supervision.

An employer which is required under the Collective Agreements Act to observe a collective agreement in which the other contracting party is a national employee organization is allowed to apply the provisions of this collective agreement. Thus the provisions of a generally applicable

³ Employment Contracts Act (55/2001)

collective agreement may be derogated by the above mentioned collective agreement, but not by an individual employment contract.

A special Commission has been appointed to determine which collective agreements are to be considered generally applicable. It confirms with its decision whether a national collective agreement is representative in its sector of application.

The members of the Commission are appointed by the Government for five years at a time. The Commission operates in connection with the ministry responsible for occupational safety and health matters.

A decision of the Confirmation Commission can be contested by means of a written appeal to the Labour Court. Those with right to appeal are the parties to the collective agreement, and any employer or employee whose legal standing in an employment relationship depends on the general applicability of the collective agreement.

Other negotiations and co-operation between parties

Act on Co-operation within Undertakings

In Finland the Act on Co-operation within Undertakings has been implemented since 1978. The object of the Act is to develop the operations of an undertaking, to improve its working conditions and to further co-operation between the employers and the staff and among members of the staff. It provides possibilities to exercise influence in the handling of matters relating to work and workplaces.

Based on the Directive on the European Work Council (EWC), the Act was supplemented with provisions on multi-national companies in 1996. Disputes concerning the implementation of the Act do not fall within the scope of the Labour Disputes Act. When necessary, they are heard in general courts.

Matters covered by the co-operation procedure are, among others:

- Any major changes in duties, working methods or the arrangement of work that affect the position of the staff and any transfers from one job to another.
- Any major acquisitions of machinery and equipment, in so far as they affect the staff.
- The closure of the undertaking or any part of the undertaking, its transfer to another place or any major expansion or reduction of its activities.
- Reducing contracts of employment into part-time contracts, lay-offs and termination of contracts, due to productional and financial reasons.

Before the employer takes a decision on a matter covered by the Act, he shall negotiate on the reasons for the action envisaged, its effects and possible alternatives with the wage-earners or salaries employees concerned, or with their representatives. If the planned measure is likely to result in the termination of employment contracts of at least 10 employees, at least six weeks shall elapse from the beginning of the negotiations before the employer shall be deemed to have fulfilled his obligation to negotiate, unless the parties agree otherwise.

Group co-operation

The Act also includes provisions on co-operation in a group of companies. The provisions of the Act on group co-operation shall be applied to an undertaking which engages in business operations through operational units which are administratively independent and are situated in European Economic Area states or in different locations.

The co-operation procedure can be implemented either on the basis of an agreement or according to the provisions of the Act.

In a Finnish group with at least 1000 workers in the European Economic Area and at least 150 workers each in an undertaking in at least two member states, what has been mutually agreed between the group management and a special negotiating group shall apply concerning international group co-operation.

If agreement regarding international group co-operation has not been reached within three years at the request of at least two undertakings in two different member states, international group co-operation shall be arranged as provided in the Act. The agreement on group co-operation can also be concluded even after the obligations have come to be observed.

Unless otherwise agreed, in national group co-operation the staff employed by a group in Finland and in international group co-operation staff employed by a group in the European Economic Area must be given, among others,:

- annually, a comprehensive financial report and information on future prospects of the group's production, employment, profitability and cost structure, as well as an assessment of the changes expected in the number and type of personnel;
- information on any decisions to be made by the group management which concern a significant expansion, reduction or winding up of group operations.

LABOUR CONFLICTS AND THE MEANS FOR SOLUTION

Settlement of disputes over rights

Disputes over rights in labour questions are decided by several official organs. To a certain extent, such disputes may also be referred to procedures agreed to by the parties – either by the parties to the dispute, or by parties to a collective agreement binding the parties to a dispute.

Regular courts

The court system

Finland has a three-tier system of regular courts. Civil as well as criminal matters are tried by the same courts. The jurisdiction of a court of first instance comprises one or more municipalities. The court is composed of full-time learned judges with a permanent appointment and of part-time lay

jurors elected by the municipal council for a period of four years. The composition of the court is three learned judges for most civil cases, labour law cases (except prosecutions) included.

From the courts of first instance, appeal lies with the courts of appeal. From the courts of appeal, appeal lies with the Supreme Court, but only with leave of the said court.

Competence and Procedure

All labour law disputes not belonging to the competence of other organs are heard and tried by the regular courts. This entails that the following matters lie within the jurisdiction of regular courts:

- disputes concerning the interpretation of individual employment contracts;
- disputes concerning other claims based on individual employment contracts or on legislation pertaining to such contracts;
- disputes concerning individual claims based on collective agreements as far as such disputes are not to be tried by the Labour Court;
- disputes concerning claims for overtime compensation, holiday pay, etc., based on legislation on hours of work, annual holidays, etc., and
- prosecutions for violation of labour legislation (on employment contracts, equality, hours of work, annual holidays, safety and health, etc.) and claims for damages because of such violations.

The Labour Court and Grievance Procedure

Composition of the Labour Court

The Labour Court is a single specialized court for matters connected with collective agreements. The Labour Court is composed of a president and two other neutral members, four employers' members, four employees' members and four additional members for cases concerning public officials.

All members of the Labour Court and their substitutes are appointed by the President of the Republic for a term of three years. The employers' and employees' members shall be appointed from among candidates recommended by the most representative confederations of employers and employees, respectively.

Competence of the Labour Court

Disputes within the competence of the Labour Court are of two principal kinds: interpretation of collective agreements, and breaches against duties based on the contents or existence of collective agreements. Within its competence so defined, the Labour Court shall try individual as well as collective disputes over rights. If the settlement of an individual claim depends on the interpretation of a collective agreement, the Labour Court can, however, if it finds it expedient, confine its judgement to the interpretation issue and direct the parties of the individual dispute to institute proceedings at the competent regular court, which then has to settle the individual claim in accordance with the decision of the Labour Court in the interpretation issue. If the determination of another case at a regular court requires special knowledge pertaining to collective agreements, the

regular court may ask the Labour Court for an advisory opinion on the matter; but the advisory opinion is not binding on the regular court.

If an individual claim is based on an undisputed clause in a collective agreement, but there is a dispute unconnected with the agreement (e.g., on the number of hours of work), such claim shall be settled by a regular court.

Procedure at the Labour Court

Suits at the Labour Court are regularly brought by and against the parties to the collective agreement in question. This means e.g., that if the outcome of an employee's wage claim against his employer is dependent on the interpretation of the industry-wide collective agreement governing the employment relationship, the interpretation issue shall be settled in a suit brought at the Labour Court neither by the individual employee nor against the individual employer but by the employees' federation party to the agreement against the employers' federation party to the agreement. And if a local trade union is charged with a breach of the peace obligation based on an industry-wide collective agreement, any suit to recover a compensatory fine – the regular remedy for breaches of duties based on collective agreements – from the local union is brought at the Labour Court neither by the factory owner who suffered the damage nor against the local union, but by the employers' federation party to the agreement against the employees' federation party to the agreement. The member association or individual employer or employee against whom the claim is presented shall, however, also be called to be heard at the trial.

There are two exceptions to the rule that only parties to collective agreements may appear as parties to lawsuits at the Labour Court. If, on the defendant side, an employer or employee is charged with a violation of employment terms embodied in a collective agreement – as distinguished from a violation of the peace duty or the surveillance duty – a claim for a remedy for such a violation shall be presented in a suit against the individual employer or employee in question, and not against the association party to the agreement. And on the plaintiff side, a member association, employer or employee may itself institute proceedings upon the consent of the association party to the agreement, or upon the express refusal of that association to institute proceedings. Such a possibility is, however, open to members only. Even though an employer bound by a collective agreement shall, in general, apply its terms also to unorganised employees, such an employee has no independent standing to sue at the Labour Court.

Decisions of the Labour Court are often declaratory judgements not needing any enforcement. Decisions involving compensatory fines or other money payments are legally enforceable. There is no regular appeal from the judgements of the Labour Court. The decisions of the Labour Court are used as precedents both by the court itself and by the organizations.⁴

The Labour Council

The Labour Council has partly administrative and partly judicial or semi-judicial functions relating to labour protection legislation, but no enforcement tasks. As a judicial organ, the Labour Council shall decide questions concerning the scope of the most important statutes concerning employee protection (such as the Hours of Work Act, the Annual Holidays Act, and the Protection of Labour Act). The question of whether a person, work or undertaking is covered by a given statute within

⁴ Suviranta, Antti Johannes: Labour Law in Finland. Kluwer Law International, Kauppakaari Oyj, Helsinki, 2000. p. 125-129.

the competence of the Labour Council may arise before any actual dispute. In such a case, a request for a decision may be presented to the Labour Council either by the Labour Protection Office in the district in question or by a confederation of employers or employees. Queries by individual employers or employees, their local associations, etc., are thus not admitted, but a Labour Protection Office cannot generally refuse a request that an unclear question within the competence of the Labour Council be submitted to the Council for decision. And if the scope of a statute within the competence of the Labour Council is material in an actual lawsuit or prosecution, the court may – and upon request of a party generally must – refer that question to the Labour Council for decision. Pending the decision of the Labour Council, the procedure at the court must be stayed, and the statement of the Labour Council must be adhered to by the court.

The decisions of the Labour Council are not binding. In practice, the advisory opinions of the Labour Council are widely used as precedents.

The Labour Council is a tripartite body with an impartial chairman, two other neutral members and an equal number of employer' members and employees' members. All members are appointed for a period of three years, the employers' members and the employees' members upon the recommendation of the most representative confederations of employers and employees, respectively.

CONCILIATION AND MEDIATION

Legislation

When the parties have failed to negotiate a new collective agreement, the dispute must be referred to conciliation and mediation. Detailed regulations on conciliation and mediation procedure are contained in the Labour Disputes Act of 1962.

The collective bargaining procedure between the labour market organizations is not governed by statutory provisions. In the private sector, negotiations and procedures mainly derive from established practice, although the terms of the collective agreements governing notice to terminate agreements may contain stipulations relating to future negotiations, such as terms regarding amendment proposals to be submitted to the other party. The public-sector negotiations and their procedures are subject to somewhat more detailed regulation through provisions in the 'principal agreements'.

Anyone intending a work stoppage or extension of a work stoppage due to a labour dispute must give advance notice to the competent conciliator and to the other party at least two weeks prior to the scheduled start of the stoppage or its extension.

The obligation to give advance notice applies to anyone intending a work stoppage, irrespective of its scale, the branch in question or whether the stoppage is arranged by an organization or, for instance, by an unorganized group of employees.

The scope of the obligation to give advance notice has, however, been restricted in several ways. First of all, the advance notice obligation concerns only *work stoppages*, i.e. strikes and lockouts. All other forms of industrial action – such as blockades, mass resignations, mass dismissals, deliberate go-slow campaigns, overtime bans, etc. – fall outside the scope of the advance notice.

Secondly, advance notice even on an intended work stoppage has to be given only if the stoppage has arisen because of a labour dispute. The Act does not apply to a dispute concerning a collective agreement and falling under the jurisdiction of the Labour Court or arbitrators – the obligation to give advance notice only applies to ‘*disputes of interest*’, the aim of which is a new collective agreement. This also means that ‘purely’ political work stoppages or sympathetic action are not covered by this obligation. The central organizations have, however, recommended that a four days advance notice be used with sympathetic industrial action.

Conciliators

For the purpose of providing mediation in labour disputes between employers and workers or civil servants and with the object of furthering the relations between the same, there shall be permanent positions for two national conciliators. One of the two posts may be left vacant if the duties of conciliation can be handled by a single national conciliator. This is also the actual situation at present.

A conciliation board may be appointed for a particular conciliation duty, but this kind of a conciliation body has been used only three times during the past 30 years.

The Act on Mediation in Labour Disputes stipulates the tasks of the conciliators as follows:

It shall be the duty of the national conciliators –

- 1) in co-operation with the employment market organisations, to endeavour to further the relationships between employers and workers or civil servants and their organisations;
- 2) at the request of the parties, to preside over negotiations for the conclusion of workers’ and civil servants’ collective agreements;
- 3) to direct the work of conciliation in labour disputes throughout the country and, more particularly, to take such conciliation measures as are required by disputes affecting the areas of jurisdiction of two or more district conciliators;
- 4) to act as chiefs to the district conciliators;
- 5) where necessary, to instruct a district conciliator, if he so agrees, to carry out a particular conciliation duty outside the latter’s territorial competence, either independently or as an assistant to the competent national conciliator;
- 6) where necessary, to make proposals to the Ministry of Labour for the appointment of a temporary conciliator or an ad hoc conciliation board;
- 7) to carry out the other duties entrusted to them by the Council of State.⁵

The national conciliators have an office attached to the Ministry of Labour.

There are also six district conciliators whose duties are in principle the same, i.e. carrying out such conciliation measures as are required by labour disputes within their area of jurisdiction.

The provisions governing the disqualification of judges apply to the disqualification of conciliators.

⁵ Act on Mediation in Labour Disputes (420/1962)

Arrangement of stoppages of work

It shall not be permissible for a stoppage of work to be extended or commenced in connection with a labour dispute unless the office of the national conciliators and the other party to the dispute have been given notice in writing at least two weeks beforehand, with an indication of the causes of the projected stoppage or the extension of the stoppage, the date of its commencement and its scope. The party giving such notice shall not be permitted, without the consent of the other party, to postpone the commencement or extension of the projected action until a later date than is stated in the notice or to restrict such action to a more limited field.

If a labour dispute is intended to give rise to a work stoppage or the extension of the same that is considered, in the light of its scope or the nature of the sector involved, to affect essential functions of society or to prejudice the general interest to a considerable extent, the Ministry of Labour may, at the proposal of the conciliator or the conciliation board involved, and with the object of reserving sufficient time for mediation, prohibit the projected stoppage or its extension or commencement for a maximum of fourteen days from the announced date of its commencement.

In the case of a dispute over the terms of employment of civil servants, the Ministry may, for special reasons, at the proposal of the conciliator or conciliation boards involved, extend its prohibition of the work stoppage for an additional seven days.

The parties shall attend the negotiations appointed by the conciliator, or shall arrange to be represented at such negotiations, and shall supply such information as the conciliator may deem necessary. Either party may make it a condition that the information supplied should not be revealed without its consent to the other party.

In the discharge of his duties the conciliator shall, after making himself thoroughly conversant with the dispute, with the circumstances of importance in forming an opinion thereon and with the demands of the parties, endeavour to induce the parties to determine the precise matters in dispute and to encourage the parties to agree on the terms of settlement.

If a conciliator fails to settle a dispute by negotiation or in any other manner, he may present the parties with a draft settlement, prepared in writing, at the same time recommending them to accept it within a short time limit, to be fixed by him.

The Labour Disputes Act shall not be applied to any dispute over a workers' or civil servants' collective agreement that calls for consideration by the Labour Court or for arbitration in accordance with the terms of the agreement.

The authorities shall be required, if so requested by a conciliator, to give him any assistance he may need for the performance of his legal duties.

The subject of conciliation

In collective labour conflicts conciliation is used only in disputes of interest. The disputes may concern a single company or a whole branch, and the private sector as well as the public sector. The issues at dispute must be restricted to conditions of employment, not for instance ownership,

investments or business strategy. In the public sector, where strikes have been permitted since 1970, but all other forms of industrial action except work stoppage are forbidden, and the strike has to be connected with collective agreement issues. In other words, civil servants' unions are not permitted to engage, for instance, in sympathy strikes.

It is possible to stop or to prohibit a strike by the enactment of a special law which forbids the work stoppage. However, this measure has so far been theoretical as the conflicts have all ended before any actual legislative measures have been taken. As a rule, the conciliation process is concluded with settlement, although during the past 30 years there have been a few small scale conflicts which, from just a formal point of view, could still be considered continuing.

It should be noted that the total number of disputes conciliated has been consistently lower when an incomes policy agreement or a centralized labour market settlement covering several years has been in force.

Means for the solution of labour conflicts across the community

Conciliation has been used in illegal or political industrial action only exceptionally. In these cases the methods of conciliation do not follow the Labour Disputes Act and the process is informal. For instance, the conciliator does not present any draft settlement to the parties to be accepted, or at least the settlement proposal is informal.

On a few occasions, employer organizations and some interest groups representing business life have demanded that the Labour Disputes Act be amended by adding a provision allowing a settlement of labour disputes concerning what are called 'key groups' irrespective of the will of the parties to the dispute. For example, in a proposal submitted to the Finnish Government some years ago, the employers' organizations and some other interest groups suggested, that the Act be amended by adding a provision under which a tripartite labour dispute board could be appointed with the authority to adopt a labour dispute settlement that would be binding upon the parties to the dispute.⁶ Proposals of this kind have not lead to any concrete measures so far.

Financing

The Ministry of Labour finances the costs of the conciliation of labour disputes. There are two full-time employees at the National Conciliators' Office, while six the district conciliators carry out their conciliation duties on a part-time basis. The yearly costs for conciliation total appr. 337 000 €.

The expenses incurred by the parties to the dispute shall be borne by the parties themselves.

OTHER MEANS OF DISPUTE SOLVING

Arbitration

Arbitration may be substituted for civil proceedings at regular courts, but this almost exclusively happens as regards managerial and comparable employees.

⁶ Tiitinen-Ruponen.

Disputes which would otherwise belong to the jurisdiction of the Labour Court may be referred to arbitration, but this seldom happens. Based on special agreements, arbitration is used to some extent in the graphic industry, communication and media branch as well as in the aviation branch.

In Finland, the use of arbitration in connection with collective agreements is quite limited. In both private and public sectors it has been adopted almost only in cases where some detail or issue in the collective agreement negotiations has been left open and postponed for later decision in the future. A typical example is a long term agreement, where the date of a pay rise has been set, but the actual amount of the rise will be agreed upon at a later date during the implementation of the collective agreement. Arbitration has also been practised to some extent both in private and public sectors for the interpretation of collective agreements.

As earlier mentioned, arbitration can also substitute to Labour Court when the parties concerned, the employers and the trade unions, have agreed on it. In principle there is no obstacle for concluding even the whole collective agreement by arbitration, but as yet the implementation of arbitration has not reached so far.

Arbitration can be implemented in both legal disputes and interest disputes. It is still quite rare in legal individual disputes between an employer and an employee.

Some statistical indicators

Since the Act on Mediation in Labour Disputes came into force in 1962, the number of disputes handled by the national conciliators or district conciliators has varied from 6 to 200 cases a year. See the attached table from 1963 to 2001. The table indicates the number of disputes where settlement was reached before the intended work stoppage began as well as the number of disputes where settlement was reached after a work stoppage. On the other hand, there is no data available on the number of disputes under conciliation where agreement was never reached. An established rule is, that if a dispute has been brought to conciliation, settlement will be reached either during the conciliation process or directly between the parties concerned.

There are no statistics available on arbitration in the labour market cases, because arbitration is carried out by many different actors, i.e. lawyers and other legal experts.

The advantage of arbitration is that the parties to the conflict will get a binding decision and industrial peace as a result of the process. The aspect that limits the use of arbitration in concluding collective agreements more widely is the unwillingness of the parties concerned to give their decision making right to that extent in the hands of outsiders.