

COVID-19 – Guidance for questions related to personnel during pandemic

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The coronavirus pandemic demands good people leadership and strong change leadership

The situation in Finland and around the globe is something we have never seen before. Times like these require good people leadership where timely and successfully executed communication plays a crucial role.

Many employers need to consider reducing employment costs by introducing lay offs or redundancies.

Communication and company value driven actions are crucial when adjustment measures are needed.

Let's remember, these are human to human issues, and the employment legislation is there only to help us do our responsibilities as an employer.



The coronavirus pandemic demands good people leadership strong change leadership

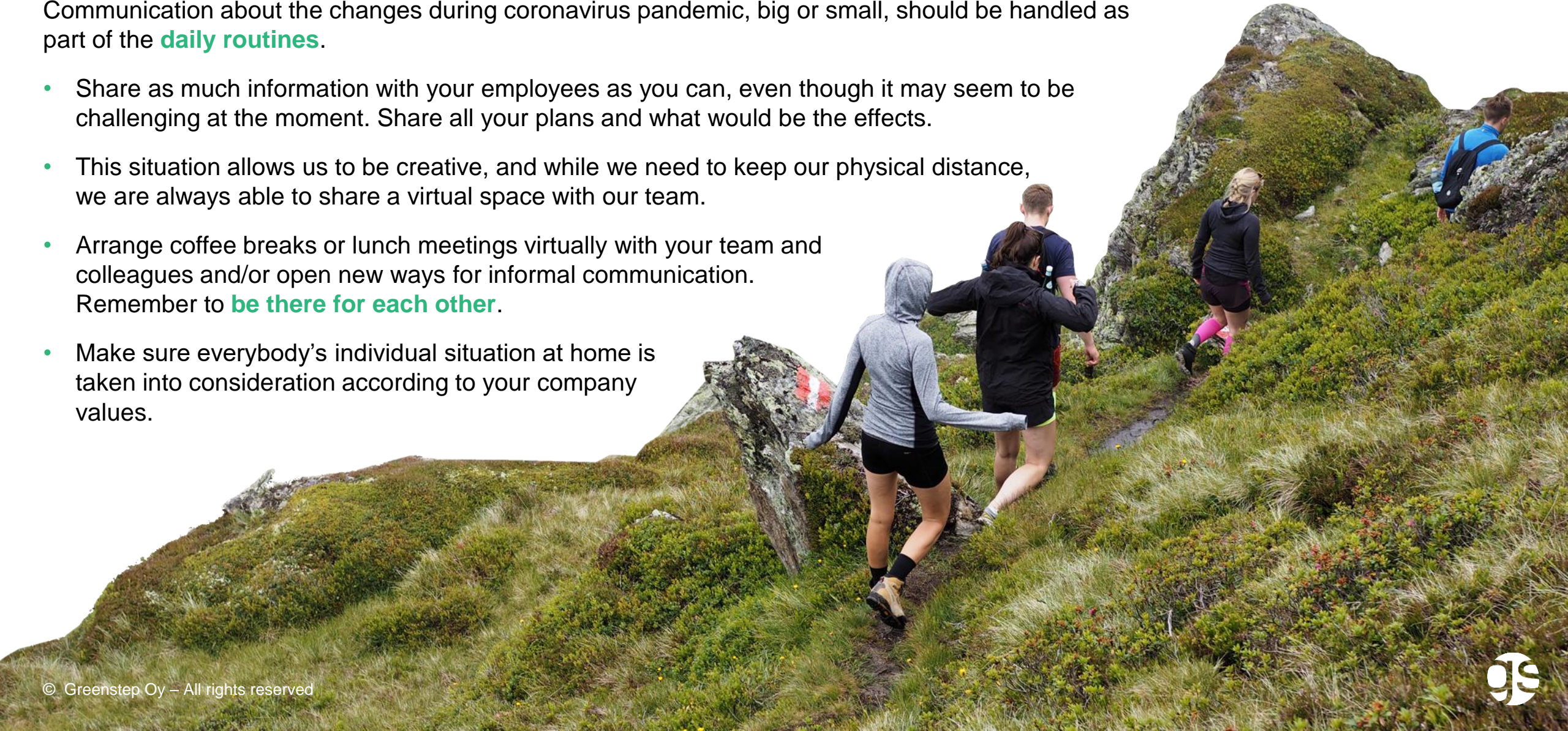
Guidance:

- There is never too much communication with your personnel, especially during times like these. Go to your employees' shoes and act **according to your company values**, when offering solutions to the ever-changing situation.
- Take advantage of your chosen communication channels and make sure that **everybody receives your message**, especially now as in many industries everyone is working solely remotely.
- Also make sure to follow up your employees' wellbeing and **be present**, even though physically distant.

Uncertain circumstances highlight the need for effective communication and strong leadership

Communication about the changes during coronavirus pandemic, big or small, should be handled as part of the **daily routines**.

- Share as much information with your employees as you can, even though it may seem to be challenging at the moment. Share all your plans and what would be the effects.
- This situation allows us to be creative, and while we need to keep our physical distance, we are always able to share a virtual space with our team.
- Arrange coffee breaks or lunch meetings virtually with your team and colleagues and/or open new ways for informal communication. Remember to **be there for each other**.
- Make sure everybody's individual situation at home is taken into consideration according to your company values.



Uncertain circumstances highlight the need for effective communication and strong leadership

When an organization is going through changes, **concern** will arise among the employees. There will be concern about job security and the future of the current work community at least to some extent.

- It is important for an employer to consider and facilitate this concern in all their actions.
- Significant changes will affect employees and the community for months, so the timing and frequency of information shared are the key factors for success. **The better the organization communicates with its employees, the more fruitful the soil will be for building the ground for the future.**



Facing adjustment measures in personnel?

In case of facing the need for personnel adjustments due to economic or production related reasons permanently or temporarily, it is important to remember the following factors.

- Companies that regularly employ more than 20 people need to follow [the Act on Co-operation within Undertakings](#) if they are planning to reduce the number of active employees.
- The act obligates the employer to arrange employee co-operation negotiations before any decisions regarding a reduction in personnel can be made.
- A company that regularly employs fewer than 20 employees does not need to comply with this act but can operate through streamlined adjustment procedures.

The government and Labour market organizations have decided on temporary measures to alleviate the corona crisis.

- The amendments have come to force and are valid 1.4.-30.6.2020.
- Collective agreements in some sectors have earlier been negotiated to comply with the government's decision. So keep track of your industry's labour association's online communications to stay up to date.

Considering lay-offs?

Lay-offs can be implemented

- full-time or part-time,
- for an indefinite or fixed period.

An employer may lay-off an employee only for one of the following two reasons:

- The employer has a financial or production related reason for **terminating the employment contract** – lay-off may be done until further notice.
- An employer may also lay-off an employee when the employer's potential for offering work has diminished **temporarily** – fixed lay-off for max 90 days.

Both scenarios require that there is no other work or training to be offered to the employee.

What means laying off?

- Laying off means that the employer **temporarily** suspends work and pay. Otherwise, the employment relationship will remain in effect.

Lay-offs in a nutshell now and the ongoing legislation amendments

The actual **co-operation negotiation process** should be initiated as soon as the employer has a clear understanding of the business challenges and needs for efficiency due to the corona pandemic.

- However, the negotiation proposal must be submitted no later than **5 days before** the start of the co-operation negotiations.
- For companies with less than 20 employees, a statement of the grounds for the lay-off will be provided.

Co-operation negotiations must be conducted for a minimum of **14 days** and a maximum of **6 weeks**.

- The duration for co-operation negotiation can be reduced by agreement.
- **Temporary change:** The actual co-operation negotiations with employees should take place for at least 5 days.

Lay-offs for economic and productive reasons must be notified to the employees at least 14 days before the start of the lay-off.

- COVID-19 pandemic is likely to lead primarily to lay-offs of less than 90 days.
- The notice period may be reduced by local agreement.
- **Temporary change:** Employees must be notified of lay-offs at least 5 days prior to the start of lay-offs.

NOTE!

Employees with fixed-term contract cannot be laid off, unless they are substituting for a permanent employee. **Temporary change:** Also employees with fixed-term contract can be laid off.

Remember the protection for shop stewards and occupational safety and health representatives.

Co-operation negotiations for terminations in a nutshell and **the ongoing legislation amendments**

The actual **co-operation negotiation process** should be initiated as soon as the employer has a clear understanding of the business challenges and needs for efficiency due to the corona pandemic.

- However, the negotiation proposal must be submitted no later than **5 days before the start of the co-operation negotiations**.

Co-operation negotiations must be conducted for a **minimum of 14 days** in smaller companies and a **maximum of 6 weeks** in bigger.

- The length of the negotiations is influenced by the size of the company and also by the planned personnel effects, eg. number of redundancies and length of lay-offs.
- The process can be slow – don't wait until it's too late.

The notice periods may vary from 14 days to 6 months, depending on the employment contract and the collective agreement.

- **Change to trial periods:** Employment can be terminated also during the trial period due to economic and production related grounds.

Please keep in mind the waiting period for recruiting new employees and the obligation re-employ dismissed workers.

Re-employment obligation changed temporarily to 9 months.

Summary: now if ever the company culture and values are weighed

- You can use the **company's values** as the basis of your communication and mirror each message to the values.
- **Daily communication** is of great importance in the current situation. Whether repeating the old, telling something new, or boosting the common spirit - it is important to communicate.
- When there is a need for adjustment measures, remember to emphasize **humanity** in communication rather than “by-the-book” actions (though this can't be forgotten either).



Summary: now if ever the company culture and values are weighed

- Co-operation negotiations, as the name implies, means having discussions on the current situation together. **The more you do together through open discussion, the better the outcome**, no matter what the situation is.
- **Keeping track of staff wellbeing**, for example through pulse questionnaires and shared coffee moments, is more important than ever in this situation.



Practical matters to consider

1. Alleviations to TyEL payments, though not effective right away
2. Payroll considerations
3. Remote work guidelines and how annual leave is affected
4. Changes to unemployment security
5. Closing the workplace or deciding on lay-offs without co-operation negotiations
- both for special cases, assessed case-by-case



1. Alleviations to TyEL payments, though not effective right away

The labor market organizations have suggested some alleviations to employer's pension contributions due to the crisis

- For private sector employers there would be a temporary 2,6% reduction to the contributions
- **Planned change:** The temporary reduction will be implemented as soon as possible but not later than 1 June 2020 and will be valid until 31 December 2020

It would also be encouraged to agree on postponing the payment of pension contributions by three months.

2. Payroll considerations

Sick leave

- Normal sick leave practices
- If the sick leave is caused by coronavirus, there is a possibility for the sickness allowance on account of an infectious disease if a quarantine has been ordered by a doctor responsible for infectious disease control.

Quarantine order

- Only the doctor responsible for infectious disease control can decide on a quarantine or isolation order.
- There is a right to be absent from work due to a quarantine ordered by a doctor.
- No salary payment obligation but employee is entitled to the sickness allowance on account of an infectious disease, which is a full compensation for the loss of income.
- If employer pays the salary during the leave of absence, the part of the allowance corresponding to the salary is paid to the employer.

Closing schools

- Does not entitle the employee to be absent from work.
- Employee and employer can agree on unpaid leave, there is no obligation to pay salary.
- Employee and employer can agree on using also annual holidays, working time banks etc.

Holiday trip

- No salary payment obligation if the employee cannot return from a holiday travel to work. If the travel has started before the exceptional measures, the absence may be remunerated.
- During a recommended quarantine after the holiday, there is no salary payment obligation if the travel was done to the epidemic areas or started after the exceptional measures.
- In case of a working trip, employer has salary payment obligation.

3. Remote work guidelines and how annual leave is affected

Remote work guidelines

- In principle, employer and employee agree on remote work together.
- Employer cannot necessarily order the employee to work from home unless the practices have been agreed on.
- If there are existing remote work practices, the employees can be guided to work from home.

Annual holidays

- Annual holidays are accrued during remote work, quarantine and sick leave.
- During lay-offs, annual leave is accrued for the duration of 30 days.
- Annual leave is granted at a time determined / approved by the employer.
 - During the summer holiday season May 2 - September 30 employee is entitled to 24 days' leave if the employee has accrued the days.
- Exceptional scheduling of holidays may be agreed on.

Things to remember about remote work

- Occupational safety aspects: the employer does not have the ability to control the working conditions, so the employee must report potential safety risks.
- It is recommended to write down and communicate the remote work guidelines.
- Arranging day care – it's important to discuss this and agree on shared practices / flexibility with the staff.
- Insurance extensions may be needed, as the statutory occupational accident insurance may not cover remote work sufficiently.
- Let's stay in close contact with each other and have meetings regularly, daily/weekly.

4. Changes to unemployment security

In principle, employee is entitled to unemployment benefits during lay-off.

- Usually the waiting period is five (5) full working days (i.e. 37,5 h / 40h per week).
 - The five working days should be during a maximum of 8 consecutive calendar weeks. For those who work part-time, the waiting period is calculated by deducting the working hours during the calendar week from the maximum working hours according to the collective agreement.
 - Therefore, the lay-off should be at least 4,7 h / 5 h per week.

Changes:

- Cancelling the waiting period before being able to claim unemployment benefits, meaning that the employee would receive the daily unemployment allowance from the beginning of the lay-off.

Other coming alleviations:

- Lay-off periods are not counted towards the maximum period of unemployment security.
- In certain situations the employment condition would be met in 13 weeks.
- Entitlement to daily unemployment allowance even in the case of agreed lay-off.
- Also entrepreneurs and freelancers can temporarily claim unemployment benefits.

5. Closing the workplace or deciding on lay-offs without co-operation negotiations - both for special cases, assessed case-by-case

Workplaces may be closed by authorities' order (Employment Contracts Act)

- Employment Contract Act, Chapter 2 12 §: Force Majeure situation
 - If the employee is prevented from working due to a fire, an exceptional natural event or another similar event affecting the workplace beyond the control of the employee or the employer, the employee is entitled to pay for the period of the impediment, though not for more than a maximum of 14 days.
- In such a case, the employee is mainly entitled to pay for 14 days.
- If the employer closes the workplace proactively as a precaution or orders employees to stay in quarantine, the employer has salary payment obligation.

Derogations from the co-operation procedure (Co-operation Act 60 §)

- Employer can decide on lay-offs without co-operation negotiations if there are particularly weighty unforeseen reasons harming the company's service or production operations or finances, which the company could not have known in advance and which prevent the co-operation negotiations.
- This applies especially in the service sectors.

NOTE! This requires a lawyer's case by case evaluation.

- COVID-19 can in some cases be a reason for making decisions without co-operation negotiations, in which case the negotiations are held as soon as the lay-off process has started and therefore, the fastest schedule for lay-offs is 5 days.

Thank you!! Greenstep has 300+ professionals helping you during Covid-19.

If you need help with for example change leadership, internal communications, lay-offs or co-operation negotiations, our HR team is here to help you project based, hour-based or by continuous cooperation.

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