



**Technology Industry
Employers of Finland**



**Collective agreement
IT service sector
3 January 2022–30 November 2023**



New collective agreement

- Technology Industry Employers of Finland, the Federation of Professional and Managerial Staff YTN and the Association of IT Sector Employees have concluded a new collective agreement of the IT service sector
- The new collective agreement is binding on the member companies of Technology Industry Employers of Finland on the basis of their membership
- The parties estimate that the collective agreement is not generally binding, that is, it is binding only on companies that are members of Technology Industry Employers of Finland



New collective agreement

- The agreement is valid from 3 January 2022 to 30 November 2023
- The structure is 1 + 1
 - The pay settlement for 2022 has been agreed
 - The pay settlement for 2023 will be agreed between the federations by 30 September 2022
- If the pay settlement for the second year is not agreed by the end of September, the parties may terminate the CA so that it expires on 30 November 2022



SALARY SETTLEMENT

- **IT service sector**



Salary settlements are to be negotiated locally

- With genuine negotiations at company or workplace level
 - success factors, requirements and change pressures are known
 - salary settlements are scaled to the company's situation
 - financial, order book and employment situation
 - cost competitiveness in the market
 - productivity enhancement
 - open discussion on the basis of the company's or workplace's situation
 - salary incentives, fair salary grading



Salary settlements are to be negotiated locally

- A local settlement is facilitated by
 - a shared understanding of the company's situation
 - knowledge and understanding of what salary increases are based on
 - concerns management, supervisors, shop stewards and employees
 - a shared understanding of the fairness and motivational aspects of compensation
 - appropriate action by management, supervisors and shop stewards



Financial situation, order book and employment situation

- In good time before the start of local bargaining, the employer provides the shop steward with the required information on the order book and financial and employment situation of the company or workplace and of their anticipated development
- It would also be appropriate to provide information on the grounds for the proposed salary settlement to be used as the basis for negotiations
- Financial indicators based on up-to-date reports usually provide information on
 - the scope of operations
 - profitability
 - liquidity
 - solvency.
- The purpose of the financial analysis is to provide an overview of the company's future financial prospects.



Financial situation, order book and employment situation

- The key indicators for the order book and employment forecast the future – although the company may not be able to influence some of these factors, its own actions will still play a key role in its success.
- How well a company copes is dependent on its capacity for renewal, the workplace atmosphere, its ability to cooperate, and factors relating to flexibility and quality.
- Every person contributes to the company's success. Management, supervisors and shop stewards should find ways to get everyone involved in the development of operations.



Salary incentives

- Motivate employees to develop their competence and professional skills
 - it is clear how employees can influence their own salary (individually and as part of a team)
 - feedback must be received
 - open dialogue with supervisors – how can competence be further developed
- Personal salary increases are used to reward competence, responsibility and good performance
 - competence, taking responsibility and good performance can only be rewarded at companies and workplaces at a grassroots level, close to those who are doing the actual work
 - productivity improves when pay increases can be allocated fairly and in a motivational manner
- Compensation management is a continual process
 - the company's compensation policy

Salary settlements are to be negotiated locally

Negotiations on the salary settlement and its criteria:

A review of the financial situation, order book and employment situation of the company or workplace



- Salary incentives, salary grading, enhancing productivity
- A solution that meets workplace needs

Local salary settlement:

The following is agreed concerning salary increases:

- implementation method
- schedule
- scale



Implementation of the local settlement

If no local salary settlement:

- Agreement on the fallback option A or B
- In both options, the schedule for increases is 1 March 2022 or the beginning of the next pay period starting thereafter
- If nothing else has been agreed, a salary settlement with a cost effect of 1.8%, which includes a personal minimum increase of 0.9%



Local salary settlement

- The agreement will be made with the employees' shop steward by **28 February 2022**.
 - An extended bargaining period may be agreed locally.
- If no shop steward has been elected for the employees, the agreement may be concluded with the employees in a manner jointly agreed by them.
- Matters to be agreed upon in a local salary settlement include the implementation method, schedule and scale of salary adjustments.
- The level of local settlements is open



Local salary settlement

- The shop steward has the right to be provided with a report on the allocation of the locally agreed salary settlement within a reasonable time from the salary increases.
- The report must provide the following information
 - number of employees
 - how many received an increase
 - the average increase
 - Total amount of salary increases for employees (the payroll for employees before and after the increase)



If there is no local pay settlement (so-called fallback clause)



Fallback clause

- A new fallback clause structure: options A and B
- Alternative models that may not be applied at the same time.
- The options are very different:
 - A includes a cost effect and a so-called general increase
 - B is a so-called numberless model + individual discussion/clarification
- The employer and shop steward choose the appropriate model together. If no shop steward has been elected, the selection is made together with the employees.
- If nothing else has been agreed, option A is applied.
- Companies are encouraged to also discuss option B!



Option A

- The employer implements, in accordance with the company's salary policy, a salary settlement having a cost effect of **1.8%** no later than as of **1 March 2022** or from the beginning of the next pay period starting thereafter.
- The cost effect (1.8%) is calculated from the February 2022 payroll including fringe benefits
 - Payroll = monthly salaries valid in February, including fringe benefits
 - Part-time employee: part-time monthly salary with fringe benefits
- When allocating increases, the employer must ensure that a **0.9%** minimum increase is implemented for each individual



Example of option A

The payroll for the company's employees in February 2022, including fringe benefits, amounts to a total of EUR 120,000. Of this amount, the sum corresponding to 1.8% indicates the total euro amount that is used for salary adjustments (EUR 120,000 x 0.018 = EUR 2,160).

When allocating personal increases to employees from this amount, the employer must ensure that every employee's salary, including fringe benefits, is increased by at least 0.9%.



Option A

- If the company has paid employees salary increases between 3 January 2022 and 28 February 2022, these increases – including individual increases such as merit increases – will be taken into account in the pay adjustments made in accordance with fallback clause A when the matter is referred to in connection with the increase.



Option A

- Increases are allocated in accordance with the employer's remuneration policy
 - The principal factors determining the distribution of personal increases should be the employee's expertise and work performance
- The purpose of salary adjustments is to support
 - motivating pay formation
 - fair pay structure and pay grading
 - the implementation of the employer's pay policy
 - productivity improvements and
 - rectification of distortions (if any)



Option A

- The shop steward has the right to be provided, within a reasonable time from the salary increases, with a report on the allocation of the salary settlement implemented by the employer.
- The report must provide the following information
 - number of employees
 - how many received an increase
 - the average increase
 - Total amount of salary increases for employees (the payroll for employees before and after the increase)



Option B

- The use of option B requires that this has been agreed.
- Numberless/open model: The employer decides on the scale of the salary adjustments and allocates the increases to employees in accordance with the company's remuneration policy no later than as of **1 March 2022** or from the beginning of the next pay period starting thereafter.
- No individual minimum increases



Option B

- Increases are allocated in accordance with the employer's remuneration policy
- The purpose of salary adjustments is to support
 - motivating pay formation
 - fair pay structure and pay grading
 - the implementation of the employer's pay policy
 - productivity improvements and
 - rectification of distortions (if any)



Option B

- New element: individual discussion or clarification
- Employees are explained their personal salary adjustment amount and the grounds for it within two months of the implementation of the salary adjustment, but no later than on **30 June 2022**.
- Such a clarification is provided to each employee, regardless of whether the person has received an increase or not.
- Verbal or written clarification



Option B

- The shop steward has the right to be provided, within a reasonable time from the salary increases, with a report on the allocation of the salary settlement implemented by the employer.
- The report must provide the following information
 - number of employees
 - how many received an increase
 - the average increase
 - total amount of salary increases for employees (the payroll for employees before and after the increase)
 - *the main principles applied when allocating increases*



Summary of options A and B

Option A

- So-called ultimate fallback clause
- Cost effect 1.8%, incl. individual minimum increase of 0.9%
- Increase valid from 1 March 2022
- Report to the shop steward

Option B

- Requires agreement
- Open model
- Increase valid from 1 March 2022
- Individual clarification
- Report to the shop steward

The federations recommend that both options are discussed. The appropriate model should be selected as soon as possible after it is clear to the parties that there will be no agreement on a local pay settlement.



Pay adjustments in 2023

- The federations will negotiate separately on the salary adjustment amounts related to the 2023 fallback clause by the end of September 2022.
- However, the procedures for 2023 salary adjustments are the same as in 2022.
- In 2023, the date of salary adjustments is 1 March 2023 or the beginning of the next pay period starting thereafter.
- The salary settlement for 2023 will be announced later in autumn 2022.



Content changes



Working groups

- Training and the development of the collective agreement
 - Amendments to the Act on Cooperation within Undertakings
 - Family leave reform
 - Principles of continuous negotiation
 - Trainings in a jointly agreed manner

Working time



- ~~Section 8 Regular working hours in daytime work: 3. Daily working hours are between 8 and 17, unless there are justified grounds for other arrangements.~~
 - Restrictions concerning the scheduling of working hours were removed.
- 4. As a rule, Saturdays and Sundays are days off. If the enterprise's operations continue during the weekend, the days off can also be other weekdays, provided that the average number of days off in a week is two and they are granted on consecutive days.

Entry in the minutes:

The parties agree that the above provision does not affect local agreements made before 1 December 2021 with respect to regular daytime work on Saturdays and its pay.

- The restriction concerning local agreements on Saturdays as workdays was removed.
 - Saturdays and Sundays may now be working days if the company also operates on weekends. However, two consecutive days off must be given if this is the case.
 - The previous requirement was that if a Saturday is a working day, Monday should be a day off.



Balancing of working time and flextime

- 9. This balancing period should be no longer than 6 months, unless a longer time is necessary for a justified reason. If working hours are not balanced during this time, salary will be paid for any excess hours in line with overtime pay policy.
 - *The balancing period for working hours was changed from 12 weeks to a period of 6 months.*
- 10. ~~Daily working hours may be shortened/extended by 4 hours. The maximum flexitime balance is -20 / +80 hours.~~
 - The upper limit was increased from 40h -> 80h. The reference to daily limits for flexitime was removed.



Regular working hours in shift work – Uninterrupted two-shift work

- Section 9 Regular working hours in shift work: 2. Uninterrupted two-shift work:

An uninterrupted two-shift system means that work is carried out in two shifts for a total of 24 hours a day and seven days a week. The terms applied to uninterrupted two-shift work and the transition to uninterrupted two-shift work are agreed locally.

Instructions for application:

The parties agree that the above provision will not affect working hour arrangements for uninterrupted shift work in place in the enterprise before 1 December 2021

- A new stipulation on uninterrupted two-shift work was included.



Supplements

- Section 10 Shift supplements in shift work: 2. The night shift supplement is twice the amount of the evening shift supplement, unless otherwise agreed locally.
 - The possibility of local bargaining on the amount of the night shift supplement was added.
- Section 11 Evening and night work supplements: 4. Night work can be assigned to employees in accordance with section 8 of the Working Hours Act or by local agreement.
 - A new stipulation on having night work assigned to employees. Night work may be assigned to employees in accordance with the Working Time Act as before or by local agreement.

Standby and call-out work



- Unless a local agreement has been made on standby compensation, the employee is paid **40%** of the normal hourly salary.
 - Remuneration was changed from 50% -> 40%
- 3.1 At least one hour's salary and a call-out pay shall be paid as follows:
 - a) If the employee was called after regular working hours or on the employee's day off but before **9.00 pm**, the call-out pay is equivalent to 2 hours' salary.
 - b) If the employee was called between **9:00 pm** and 6:00 am, the call-out pay is
 - equivalent to **3 hours'** salary.
- 3.2 If the work in case b) above represents daily overtime, the overtime compensation for call-out work done as overtime work is immediately 100%.
 - Compensation for call-out work was harmonised, same compensation to be paid for call-out work in daytime and shift work. The time limit was changed from 10 p.m.-> 9 p.m. and the call-out compensation paid for work carried out between 9 p.m. and 6 a.m. was reduced from salary corresponding to 4h -> 3h.
- A new stipulation for travel time in standby and call-out work was added. **Travel time is included in working time unless otherwise agreed locally.**

MISCELLANEOUS



- **Section 7 Trainees:** The maximum traineeship is 12 months, taking into account the total duration of all traineeships.
 - The number of traineeships is no longer limited. Previously, only one traineeship was allowed.
- **Section 18 Medical examinations c. Pregnancy:** When a pregnant employee undergoes prenatal medical examinations.
 - Modified in line with the wording in legislation.
- **Weddings and birthdays:** 4. An employee shall be granted a paid day off for his or her wedding scheduled on a working day.
 - The reference “for registering his or her civil partnership” was removed.



MISCELLANEOUS

- Section 24 Negotiation procedure: Disputes concerning the application or interpretation or **breaching** of the collective agreement shall be resolved in compliance with the negotiation procedure described below.
 - The negotiation procedure was modified so that it now includes only so-called CA disputes.
- Old references to the effective date of the Act on Cooperation within Undertakings were removed.
- Updates to the telecommuting instructions
 - The telecommuting instructions were revised and, as recommended by the federations, elements related to the management of insurance cover and occupational health and safety and ergonomics were added.



Thank you!