

Atypical labour markets in the Nordics: Troubled waters under the still surface?

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Flexible employment forms in the Nordics

Distinct forms of non-standard employment such as part-time work, fixed term employment and solo self-employment have historically co-existed alongside the full-time open-ended contract across the Nordic labour markets. However, throughout the 20th Century, the number of full-time open-ended contracts increased, and this “standard employment relationship” became the foundation of most Nordic welfare and labour market institutions. In recent years, this very foundation is challenged by the growth in novel ways of organizing work such as digital platform work, temporary agency work and zero-hour contracts. Also, some traditional forms of non-standard employment are in some instances becoming more prevalent, although with significant national and sectoral variations.

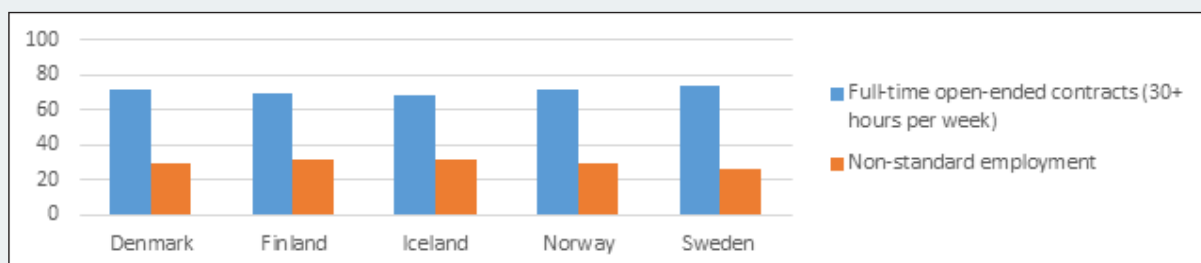
The full-time open-ended contract continues to dominate the Nordic labour markets accounting for 68% of dependent employment in Iceland, 69% in Finland, 71% in Denmark, 71% in Norway, and 74% in Sweden in 2015 (Figure 1). Since 2008, the share of non-standard employment has increased modestly in Finland from 30% to 31% of all employees, but has slightly declined in Norway and Sweden. Denmark and Iceland have seen more marked growth: In Denmark atypical workers accounted for 29% in 2015 compared to 26% of all employees in 2000, while in Iceland 32% of all employees were employed in atypical jobs in 2015 compared with 28% in 2008.

Non-standard employment – types and recent developments

Nordic companies’ usage of distinct types of non-standard employment such as temporary employment, solo self-employment and short- and long part-time work vary not only across countries, but also across sectors and over time. Since 2000, temporary employment has declined slightly in Denmark, Finland and Norway, and increased in Iceland and Sweden. In Iceland, the share of temporary workers increased from 10% in 2008 to 13% of all employees in 2015, and in Sweden from 13.7% to 14.8%. Thus, Icelandic, Swedish, and Finnish employers are nearly twice as likely as their Danish and Norwegian peers – where 8% are employed on such contracts – to draw on temporary employment (Figure 2). In some sectors, such as education in Finland and the category “other services” in Iceland, one in four of all employees hold temporary contracts. In Sweden, these numbers are even higher in sectors such as accommodation and food services, the creative industry and administration, where almost a third of the employees work temporarily. Temporary agency work is not measured separately in several of the Nordic LFSs, but continues to remain marginal across the Nordic region, ranging from 1.5-2% of all employees in Norway, 1.5% in Sweden, and 1.3% in Finland to 0.6% in Denmark.

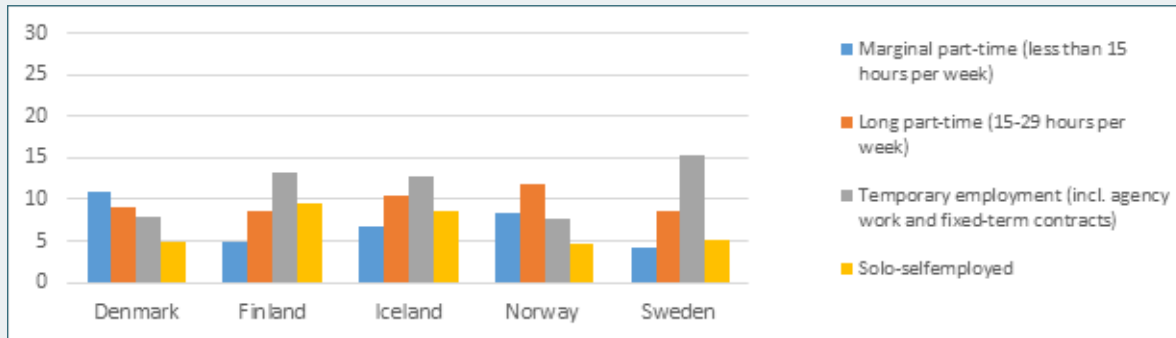
Part-time work, including contracts of few hours, is also widely used throughout the Nordic region, but more so in

Figure 1: Standard full-time and non-standard employment in the Nordics in percent of all employees (15-74 years) in 2015



Source: National country reports for pillar III based on LFS data. Note: non-standard employment is defined as marginal part-time, long part-time (15-29 hours per week), fixed-term contracts, temporary agency work and solo self-employment.

Figure 2: Types of non-standard employment in the Nordics in percent of all employees (15-74 years) in 2015



Source: National country reports for pillar III based on LFS data.

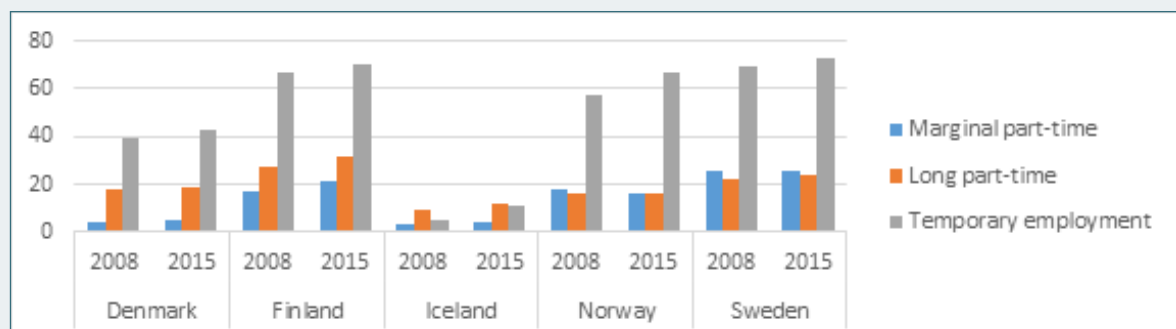
Denmark and Norway, where one in five of all employees work reduced hours. It is mostly marginal part-time that has increased in the Nordic countries since 2000, and it is particularly widespread in the service sectors (Figure 2). In Norway, 28% work less than 15 hours per week in the creative industry compared to nearly one in three employees in the Danish creative industry, and in the hotel and restaurant sector. In Sweden and Finland, contracts of few hours are also frequently used in the creative industry, accounting for 15% of all jobs in the sector in Sweden compared to 17% in Finland. In Iceland, marginal part-time is mostly used in other services where 19% of employees hold contracts of few hours.

Solo self-employment is a different category of atypical work as such workers typically are considered micro-companies, but are often without employees and tend to offer their services to only one or few other companies. Since 2000, solo self-employment has become more prevalent in Denmark, Finland and Iceland, but has remained stable in Norway and Sweden (Figure 2). Agriculture, forestry and fishing is by far the sector with most solo self-employed, ranging from 21% in Denmark to 51% in Finland.

Nordic flexible workers and their characteristics

While most workers choose voluntarily to work reduced hours, many involuntarily have to accept temporary jobs, especially in Finland, Sweden, and Norway. Involuntary atypical work has increased in all five Nordic countries since 2008. Many, especially young people, combine a part-time job or temporary employment with their studies, but we also see an increasing share especially among temporary employees, who would prefer a permanent job. This is most prominent in Sweden, Finland and Norway and less so in Denmark and Iceland, where also the share of involuntary marginal part-time work is lower than in the three other Nordic countries (Figure 3). Among Danish part-time workers, particularly those working 15-29 hours per week, a growing number choose to work reduced hours due to own disability or illness. Women, migrants, and young people are more likely to take up part-time and temporary employment, whilst men, often elderly workers, are more likely to pursue a career as solo self-employed in all the Nordic countries.

Figure 3: Recent development in the share of involuntary non-standard employment in the Nordics in percentage of selected groups of non-standard workers aged 15-74 (2008-2015)



Source: National country reports for pillar III based on LFS data.

Call for sector rather than country perspective

In view of the national and sectoral variations in the type and scope of non-standard employment, focusing on sectors rather than aggregated national data seems more fruitful if we want to capture the dynamics of change in Nordic labour markets. Some forms of non-standard employment are more widespread in some sectors and among certain employee groups than others. Despite these variations, the overall picture of development in non-standard work is surprisingly similar and stable in the Nordic countries, hovering around 30%.

Although national debates tend to address many of the same regulatory challenges associated with non-standard employment, different themes have sparked controversy on the agenda of social partners and governments in the Nordic countries, reflecting the cross-country and inter-sectoral variations. It suggests that under the still surface, troubled waters may be lurking, even though the various types of non-standard employment deliver much needed flexibility for Nordic companies and employees. The rising share of involuntary non-standard work combined with the fact that such workers are often less covered, if not excluded, from much social protection schemes, may lead to deteriorating employment conditions along with risks of reduced productivity growth (Spasova et al. 2017; Atkinson 2015). Insofar that the Nordic countries are unable to secure a social safety net for all employees, including non-standard workers, they face the risk that the very foundation of their models could be challenged in certain areas of the labour market.

References

- Atkinson, A. B. (2015) *Inequality: What Can Be Done?* Harvard University Press.
- Spasova, S., Bouget, D., Ghailani, D. and Vanhercke, B. (2017) *Access to social protection for people working on non-standard contracts and as self-employed in Europe*, Brussels: European Foundation.



The future of work: Opportunities and challenges for the Nordic models

In this collaborative project funded by the Nordic Council of Ministers, more than 30 researchers from the five Nordic countries study:

- What are the main drivers and consequences of the changing future of work in the Nordic countries?
- In what ways will digitalisation, new forms of employment, and platform work influence the Nordic models?
- What kind of renewal in the regulation of labour rights, health and safety, and collective bargaining is warranted to make the Nordic model fit for the future?

Through action and policy oriented studies and dialogue with stakeholders, the objective is to enhance research-based knowledge dissemination, experience exchange and mutual learning across the Nordic boundaries. The project runs from 2017 to 2020, and is organised by Fafo Institute for Labour and Social Research, Oslo. www.fafo.no

This brief emerges from Pillar III Self-employed, independent and atypical work, coordinated by Anna Ilsøe, ai@faos.dk

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