



Statistics Finland 

## **Informal work in Finland**

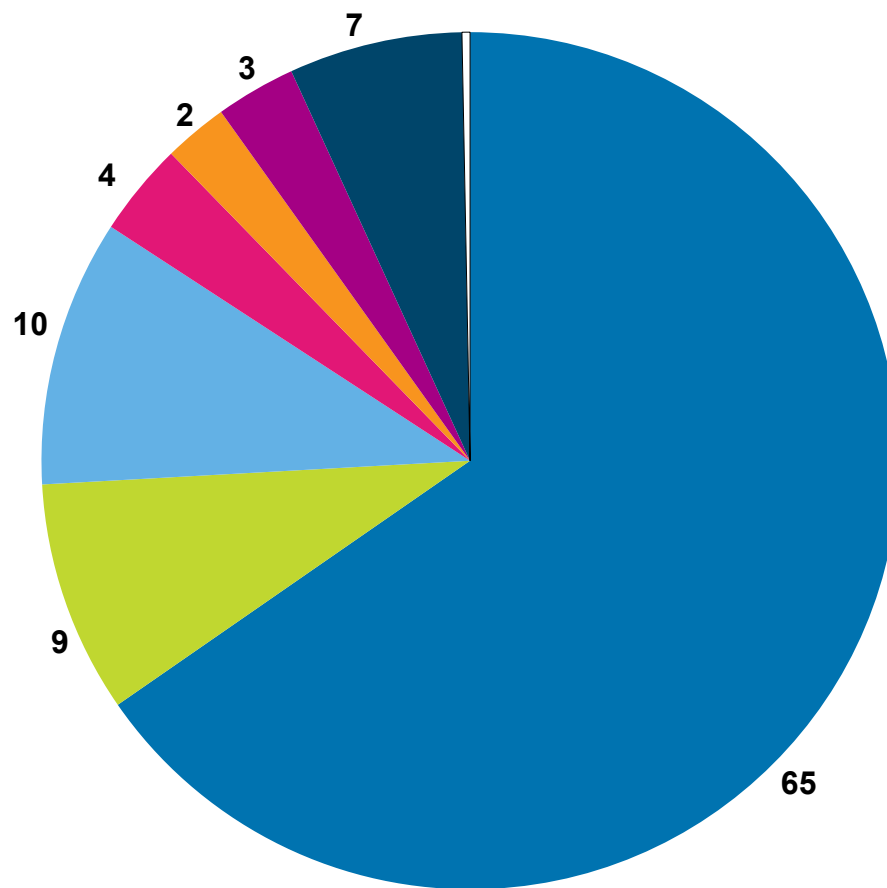
**Meeting of the Group of Experts on Measuring Quality of  
Employment, 6-8 November 2019, Geneva**

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# Different forms of employment in Finland 2018

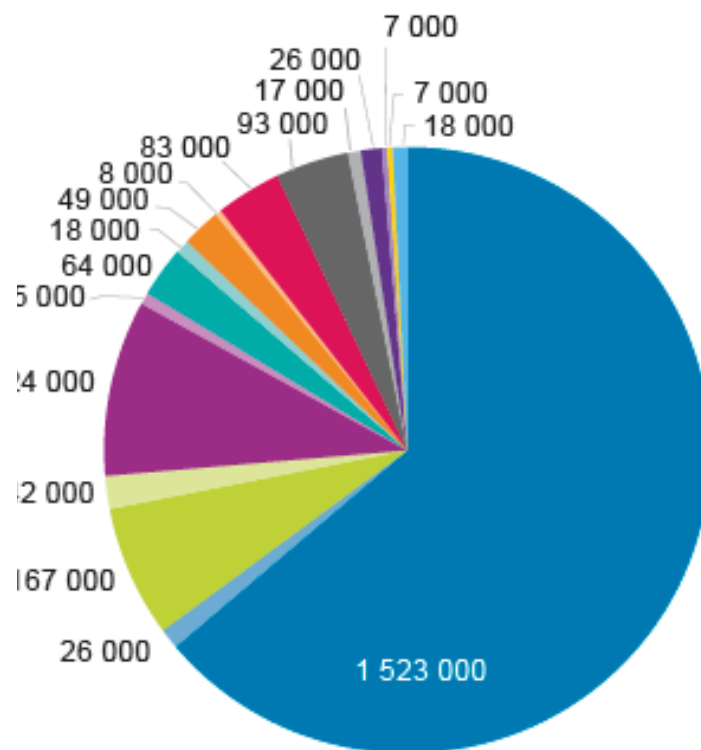
## Employed aged 15 to 64 years, (%), LFS

- Permanent full-time paid employed
- Permanent part-time paid employed
- Temporary (fixed-term) full-time paid employed
- Temporary (fixed-term) part-time paid employed
- Self-employed in agriculture, forestry and fishery
- Self-employed employers in other industries
- Sole entrepreneur, practitioner of trade, freelancer, grant recipient
- Unpaid family workers in business or agriculture

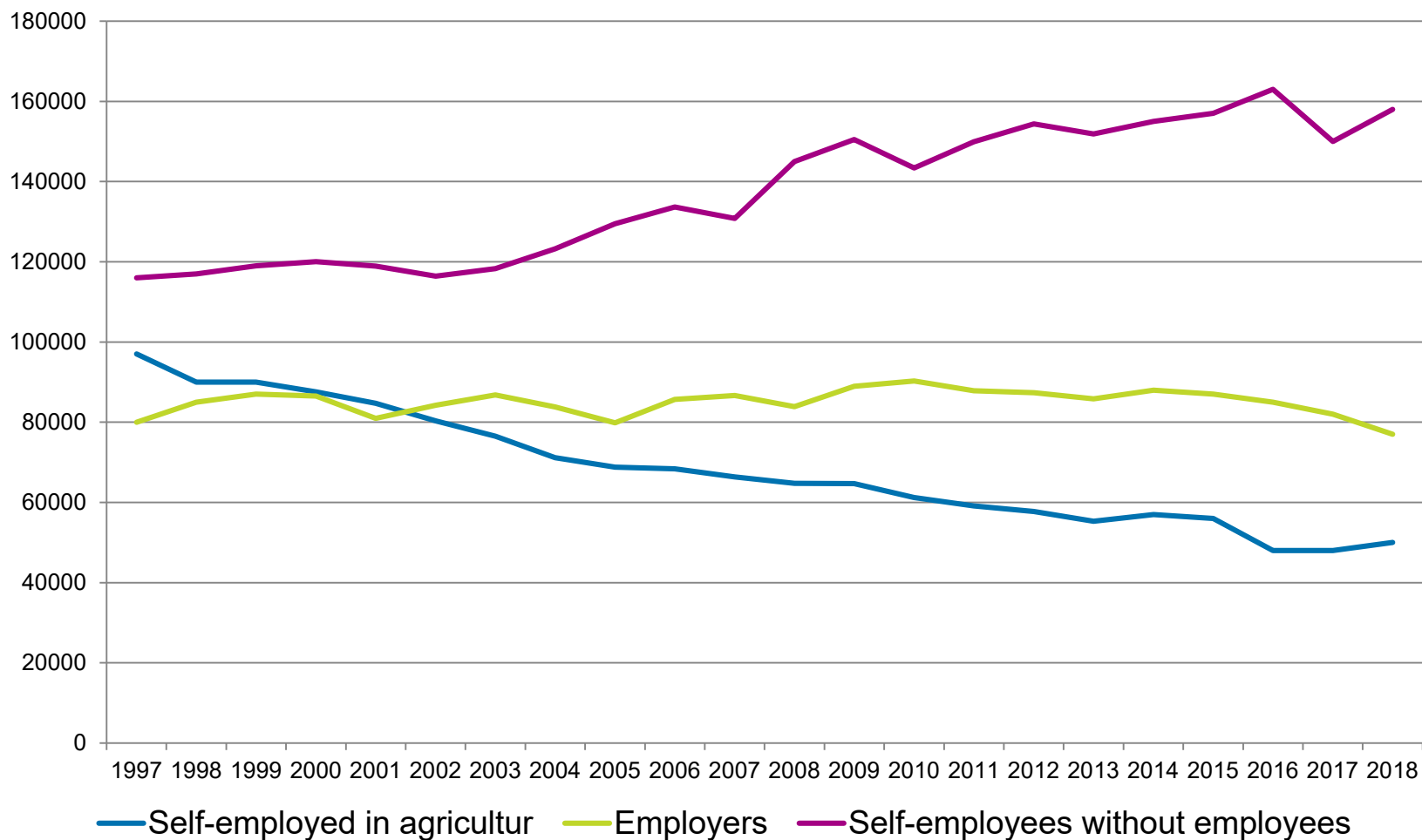


# Different forms of employment in Finland 2014, Employed aged 15 to 64, (%), LFS

- Continuous full-time paid employment, excluding zero hour contracts and temporary agency work
- Continuous full-time paid employment with zero hour contracts and/or temporary agency work
- Continuous part-time paid employment, excluding zero hour contracts and temporary agency work
- Continuous part-time paid employment with zero hour contracts and temporary agency work
- Fixed-term full-time paid employment, excluding zero hour contracts and temporary agency work
- Fixed-term full-time paid employment with zero hour contracts and temporary agency work
- Fixed-term part-time paid employment, excluding zero hour contracts and temporary agency work
- Fixed-term part-time paid employment with zero hour contracts and temporary agency work
- Full-time self-employed in agriculture
- Part-time self-employed in agriculture
- Self-employed employers in other industries, full-time
- Full-time sole entrepreneur in other industries
- Part-time sole entrepreneur in other industries
- Full-time own-account workers
- Part-time own-account workers
- Unpaid family worker in business or agriculture
- Other forms of employment: part-time employer, full-time freelancer, part-time freelancer, grant recipient



# Self-employed in agriculture, employers and self-employed with employees 1997–2018, aged 15 to 64 yrs, LFS



# Informal employment: criteria

- (a) job-dependent social protection;
- (b) access to paid annual leave;
- (c) access to paid sick leave.
- (Resolution concerning statistics on work relationships 2018)
- Employment in informal sector (not registered company)

# Case of Finland: job-dependent labour rights

- **Employees** (irrespective of type of contract)

## Job-dependent social protection

- partly paid by the employer, partly by employee

unemployment insurance payment (17-65 yrs) => unemployment benefit

sickness insurance payment (16-67 yrs) => sickness allowance; maternity/paternity/parental allowances

pension contribution (17-67 yrs) => employment pension

## Right to paid vacation (or monetary compensation)

- days accumulate for each month in which an employee has worked at least 35 hours OR 14 days for the same employer

## Right to paid sick leave

- when employment relationship has lasted less than 1 month, 50 % of salary, after that 100 % of salary for the first 9 days => income related sickness allowance paid by the Social Insurance Institution of Finland from the day 10 onwards

## Self-employed

if registered company, don't have to pay VAT for own purchases

yearly income over EUR 7,645 => requested to take insurance

if income max EUR 10,000 a year, don't have to charge VAT

	Employment contract with specified hours		0-hours-employment-contract		On-call framework contract		Own-account worker / freelancer		Contr. family member	Gig worker	Undeclared work
	Less than 35 h/ 14 d a month	More	Less than 35 h/14 d a month	More	Less than 35 h/14 d a month	More	Unregistered / Informal	Registered / Formal			
Job-dependent social contributions partly by employer	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No / Yes	No	No
Paid sick leave	Yes	Yes	Yes/ No	Yes/ No	Yes/ No	Yes/ No	No	No	No	No	No
Paid vacation or compensation	No	Yes	No	Yes	No	Yes	No	No	No	No	No
Covered by labour law	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No



## 0-hours-contracts



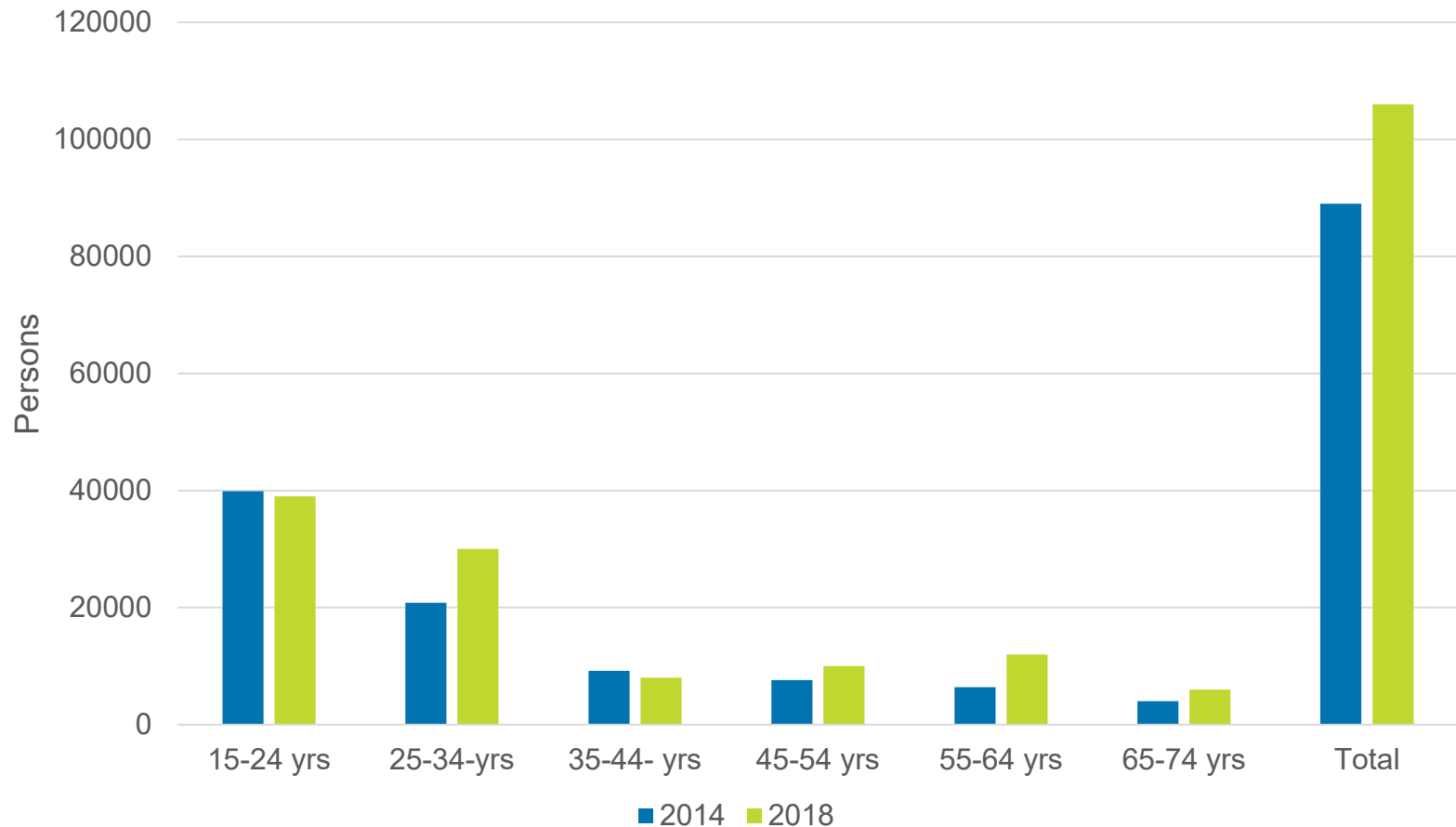
# 0-hours-contracts

- Various types of contracts with no guaranteed minimum number of working hours
- Flexibility for workers to choose to work when it fits
- Potential problems
  - (Often) no paid sick leave => improvements since June 2018
  - No occupational health care services
  - Irregular income flow
  - Varying working hours
- If you refuse a shift, no work is offered any more -> "pressure"
- Shifts which no one else wants
- Constantly a new place, new people, new tasks
- No fringe benefits
- (Partly based on qualitative interviews in summer 2017)

# 0-hours-contracts – Amendments to legislation on working times as of June 2018

- **Regulations on the use** of varying working time (=0-hour contracts)
- **Improvements to right to paid sick leave:**  
employee has the right to demand that the shifts are recorded in the roster, which must be delivered a week before the shifts start at the latest. Pay for the sick leave must be paid, if the shift has been recorded in the roster or it has been agreed upon otherwise.
- **Improvements to right to unemployment benefit:**  
worker can resign without suspension period set by the TE Office, if in the preceding 12 weeks no working week lasted over 18 hours.

# Employees in 0-hours-contracts by age in Finland, LFS 2014 and 2018



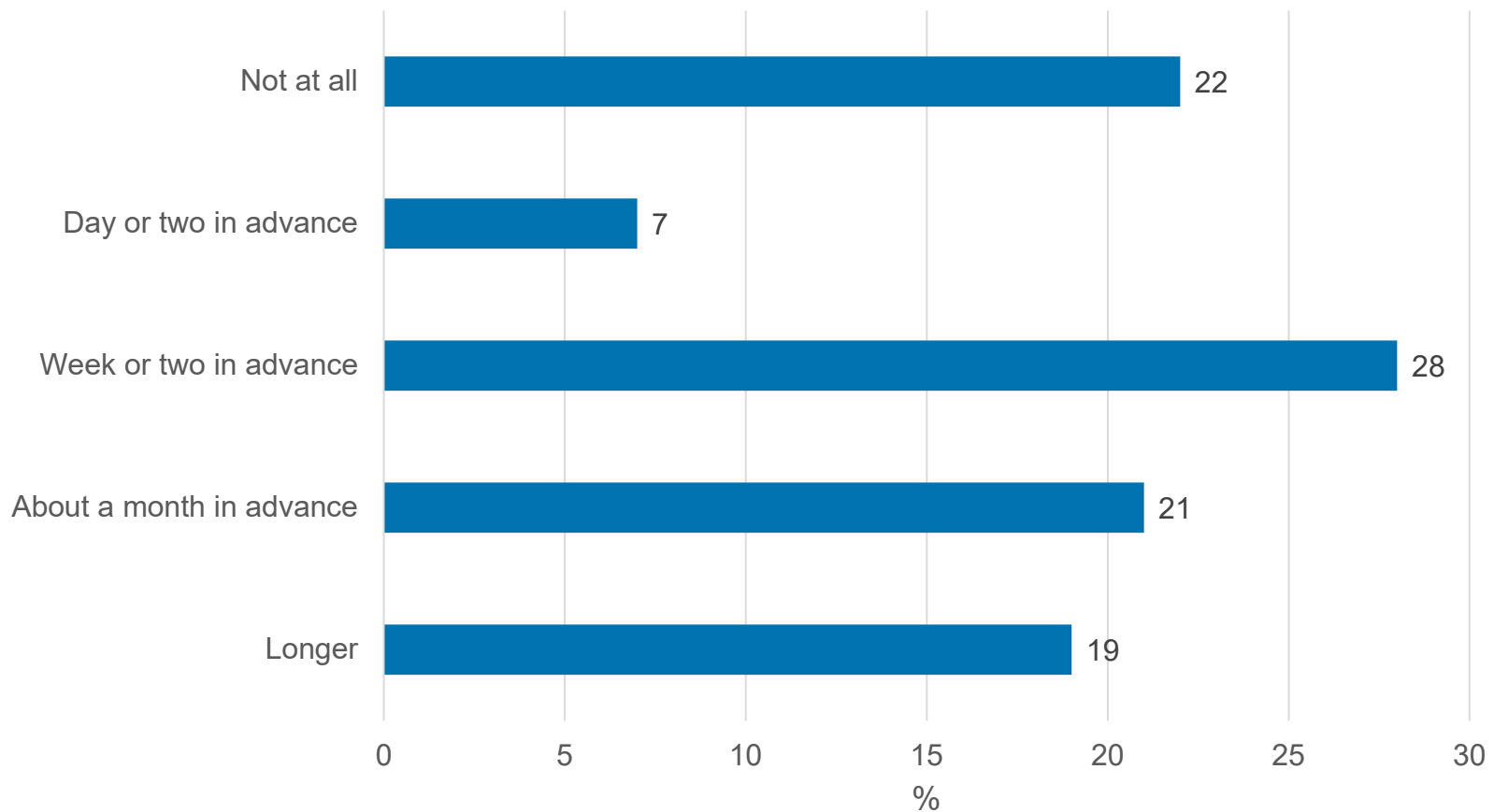
# 106,000 employees aged 15 to 74 with 0-hours-contracts in 2018 in Finland

- Wholesale and retail trade (17,000)
- Human health and social work activities (15,000)
- Accommodation and food service activities (11,000)
- Relative to the number of employees in the industry, most common in accommodation and food service activities (15.4 %)
  
- 42 % Wanted a flexible contract themselves
- 43 % This job was not available with a different kind of contract
- 15 % No other jobs available at all

# Share of 0-hours-contracts among employees aged 15 to 74 increased from 4,2 % (2014) to 4.8 % (2018)

- Women 53 %, men 47 %
- Most common among the young
- 14 % working as temporary agency workers
- 77 % part-time workers =>  
30 % working less than 10 h/week
- 38 % fixed-term contracts
- 57 % on-call workers

# How much in advance one can predict the timing of working hours, employees in 0-hour-contracts 2018, LFS



# Employees with 0-hours-contracts (2014)

## 36 % Part-time workers, main activity: studying

- 80 % aged under 25 years
- 60 % women
- 20 % wants more hours
- 
- For 90 % the reason is studying
- 25 % working times varies from week to week
- Average usual number of hours worked 12 h per week

## 25 % Part-time workers, main activity: gainful employment

- 40 % aged under 25 years
- 70 % women
- 60 % want more hours
- 
- For 65 % the reason is lack of full-time work
- 25 % working time varies from week to week
- Average usual number of hours worked 21 h per week

## 29 % Full-time workers, main activity: gainful employment

- 30 % aged under 25 years
- 40 % women
- 20 % want more hours
- 
- Almost all have regular working hours
- Average usual number of hours worked 38 h per week

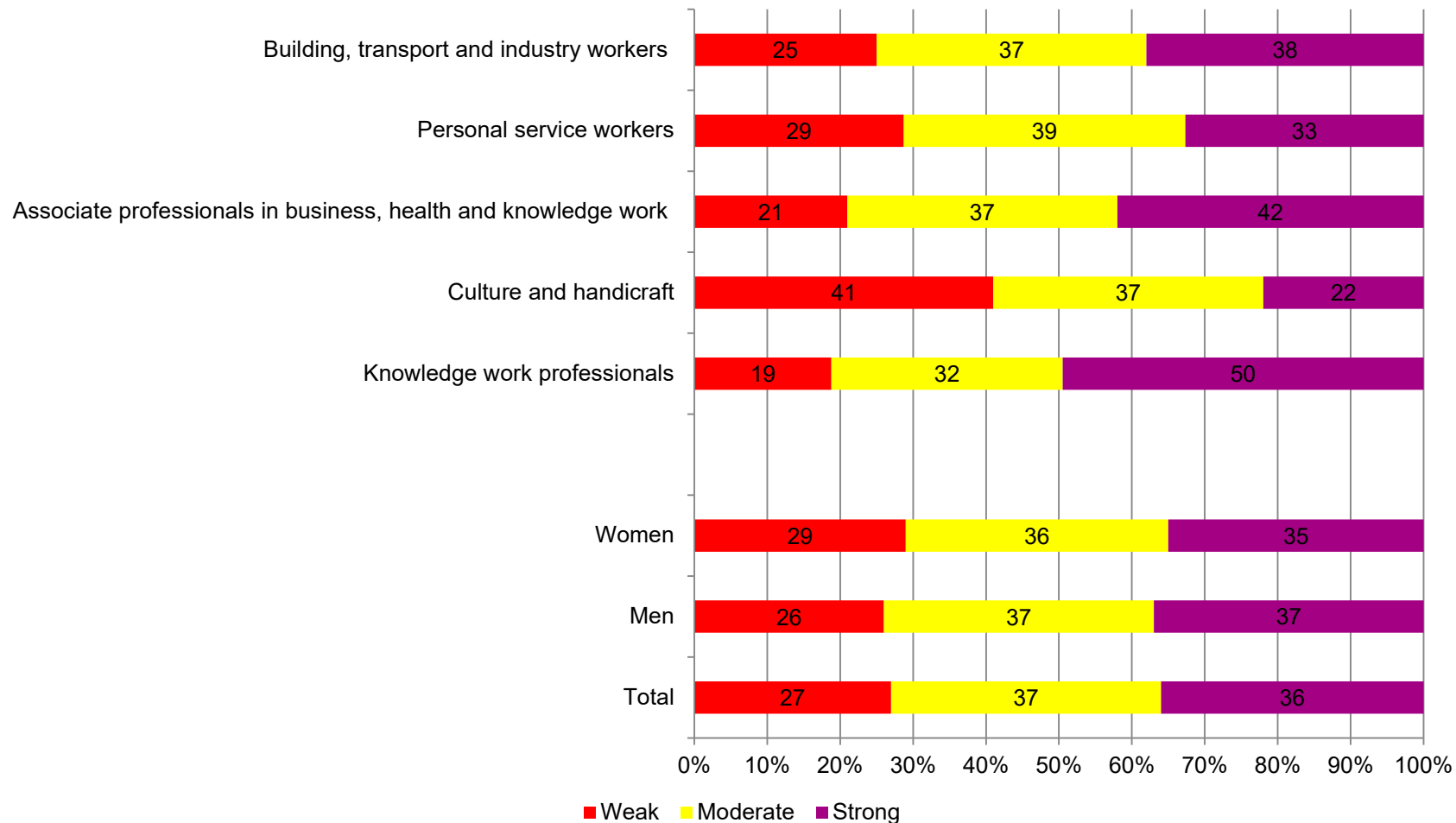


## **Self-employed without employees**



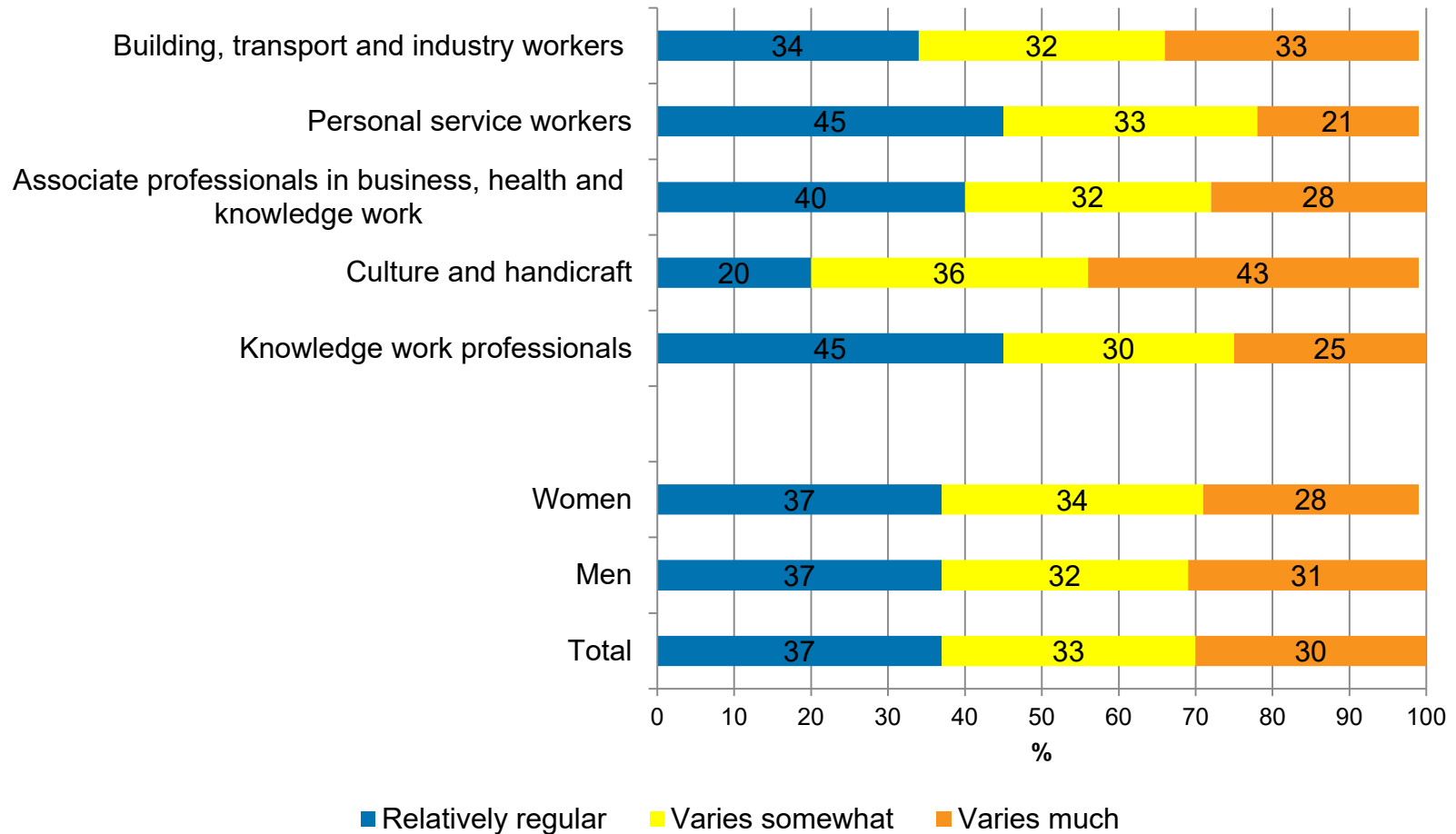
# Negotiation power (dependency)

Self-employed without employees by gender and occupational group, Factor and sum variable\* analysis, Survey on Self-employed without employees 2013, Statistics Finland

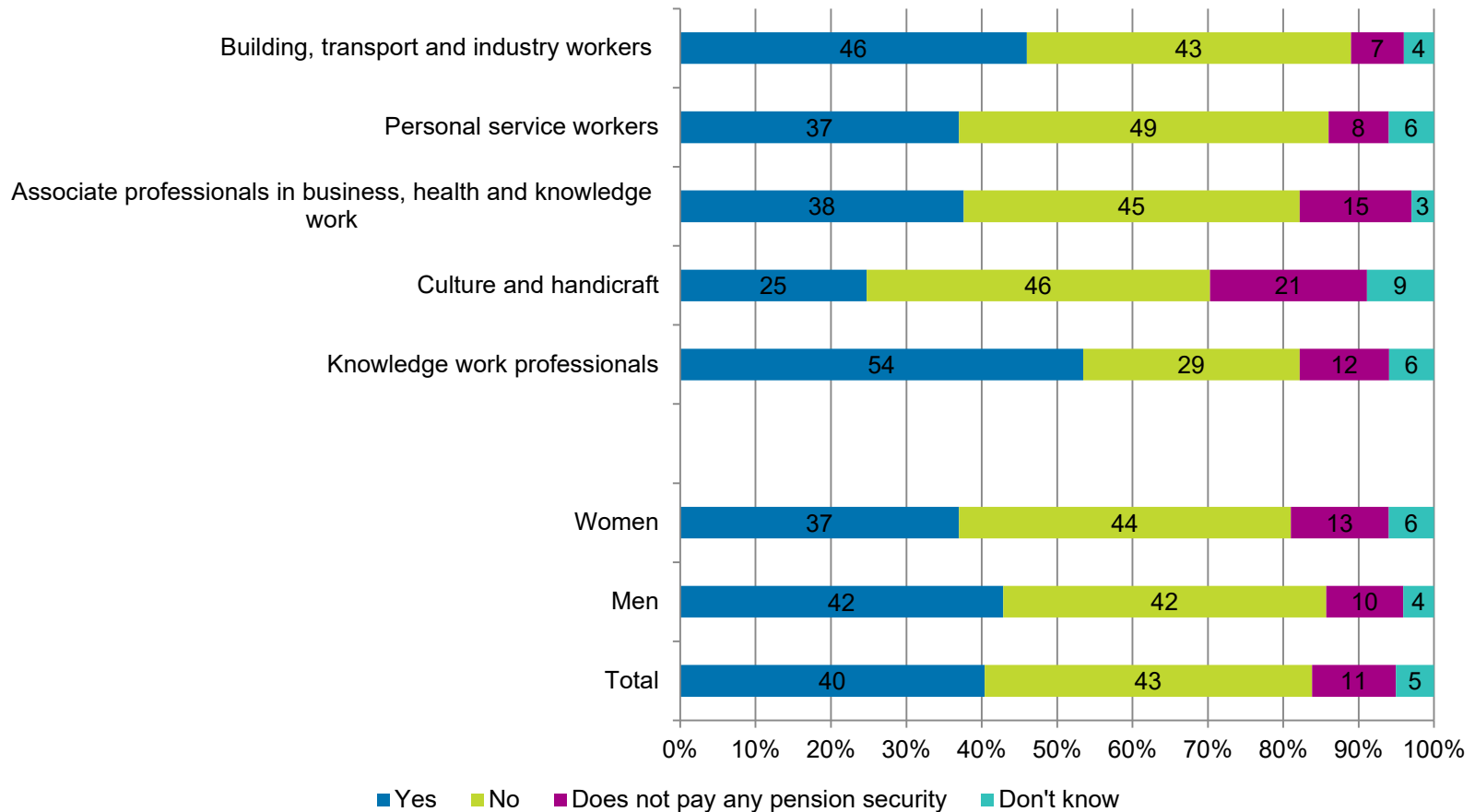


\*Does not receive correct compensation relative to the amount of work; has to lower the price to get work; customer decides the price unilaterally ; customers are not ready to pay for expertise; feels that the tough competition in the field keeps the prices low

***"Is your income relatively regular or does it vary from month to month?" Self-employed without employees by gender and occupational group. Self-employed without employees 2013***

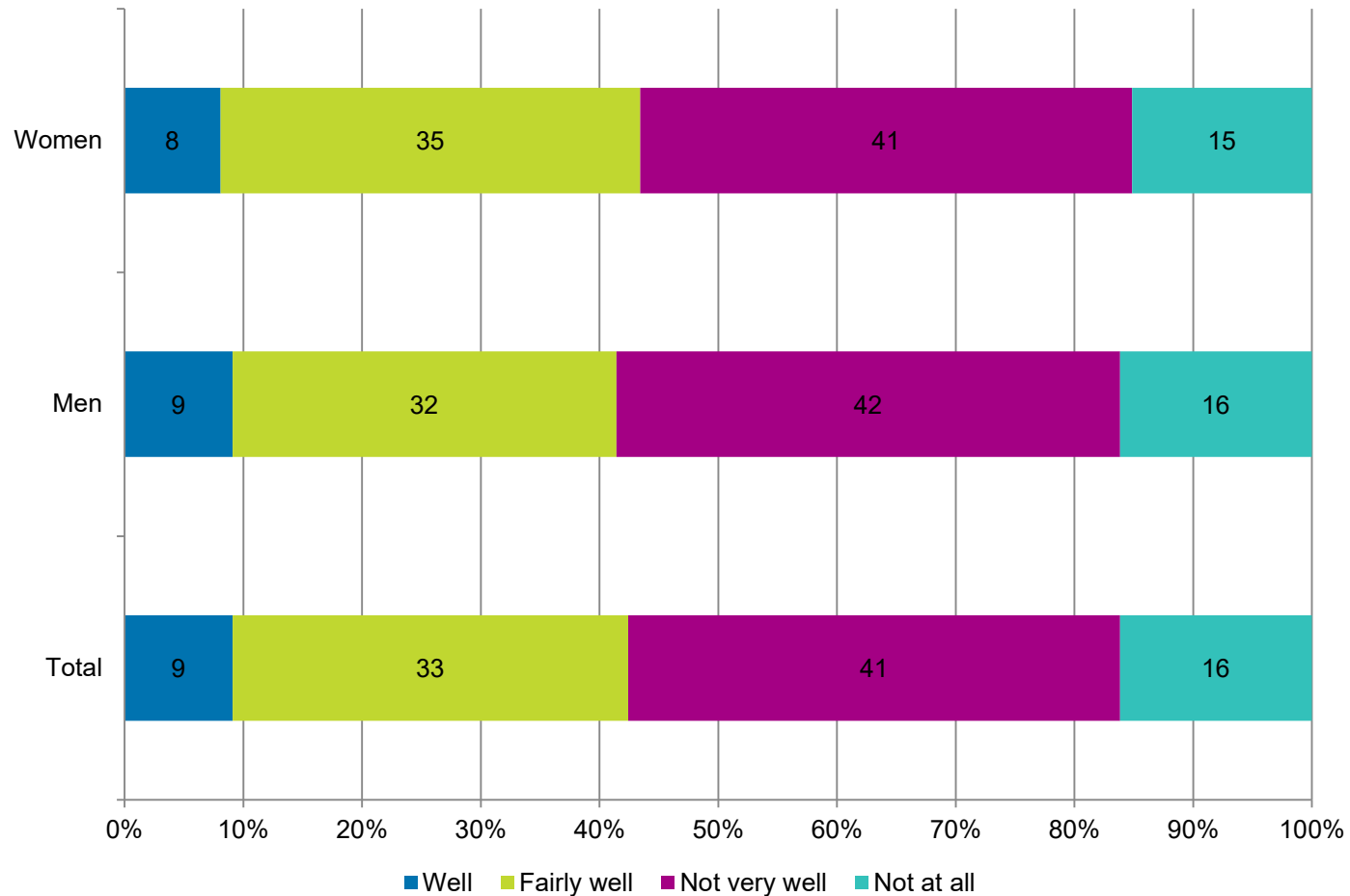


***”Do you think you are paying sufficient pension security for yourself?”***  
**Self-employed without employees by gender and occupational group.**  
**Survey on Self-employed without employees 2013**



# ***”How well do you know which social benefits you are entitled to as an entrepreneur?”***

**Self-employed without employees by gender, Survey on Self-employed without employees 2013**



# Share of operationally or economically dependent of all self-employed without employees 2017 (experimental), LFS

	Economic dependency		
		No	Yes
Operational dependency	No	92 %	5 %
	Yes	3 %	0.5 %



# Freelancers

- 11 000 self-identified freelancers in Finland in LFS (0.5 % of employed) in 2014
- Youngish, highly educated
- 50 % women, 50 % men
- Culture & handicraft
- Science
- Contradictional results:
  - Don't want to work this way
  - Enjoy working this way  
(Survey on self-employed without Employees 2013)



## Platform work



# 0.3 per cent of Finns aged 15 to 74 had earned at least a quarter of their income during the previous 12 month via digital platforms (2017)


- 14 000 persons
- Majority were men (60%) and nearly half of all aged under 35
- The income source for one half was used goods or vehicle sales platforms
- Labour market status in the LFS reference week: self-employed without employees, employees, employers, unemployed, inactive...
- Altogether 7 % (290 000 persons) had earned at least little sums through platforms in 2017



## **Other forms of work with characteristics of informality**

- Undeclared work force
- Foreign berry-pickers
- Hobby-like work activities => no need to declare monetary flow in case the yearly income is less than the expenses, but request to keep booking
- Barter economy: goods or services interchanged without monetary transactions
- No estimations on the amount, but not huge

# Does informal employment exist in Finland?

- 18,000 employees in 0-hours-contracts with actual working time max. 8 h/wk in 2014 (job-dependent social contributions, **paid sick leave or not, no paid vacation, covered by labour legislation**)
  - 30,000 other employees with regular working time max. 8 h/wk in 2014 (job-dependent social contributions and paid sick leave, **often no paid vacation, covered by labour legislation**)
  - 11,000 freelancers (50 % women)
  - x,000 - xx,000 other own-account workers in informal economy
  - 3,000 grant recipients
  - 13,000 contributing family workers (46 % women) + (partly overlapping):
  - 6,000 persons earning at least half of their income via digital platforms
  - => **total 27,000-76,000 or c. 1-3 % of employed**
  - Undeclared labour (not a huge phenomenon, policy measures for prevention)
- 
- Not covered by labour legislation**



**Thank you!**

Statistics Finland 