Informal work in Finland

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Senior researcher, PhD
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

65
10
9
4
2
3
7

Anna Pärnänen
16 September 2017
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

1 523 000

7 000
7 000
18 000
26 000
17 000
93 000
8 000
18 000
49 000
64 000
83 000
4 000
2 000
5 000
167 000
26 000

16 September 2017
Anna Pärnänen
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
<table>
<thead>
<tr>
<th>Employment contract with specified hours</th>
<th>0-hours-employment-contract</th>
<th>On-call framework contract</th>
<th>Own-account worker / freelancer</th>
<th>Contr. family member</th>
<th>Gig worker</th>
<th>Undeclared work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 35 h/14 d a month</td>
<td>More</td>
<td>Less than 35 h/14 d a month</td>
<td>More</td>
<td>Unregistered / Informal</td>
<td>Registered / Formal</td>
<td></td>
</tr>
<tr>
<td>Job-dependent social contributions partly by employer</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Paid sick leave</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>Yes/No</td>
<td>No</td>
</tr>
<tr>
<td>Paid vacation or compensation</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Covered by labour law</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>
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

- **15-24 yrs**
  - **2014**: [Data]
  - **2018**: [Data]

- **25-34 yrs**
  - **2014**: [Data]
  - **2018**: [Data]

- **35-44 yrs**
  - **2014**: [Data]
  - **2018**: [Data]

- **45-54 yrs**
  - **2014**: [Data]
  - **2018**: [Data]

- **55-64 yrs**
  - **2014**: [Data]
  - **2018**: [Data]

- **65-74 yrs**
  - **2014**: [Data]
  - **2018**: [Data]

- **Total**
  - **2014**: [Data]
  - **2018**: [Data]
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

- Not at all: 22%
- Day or two in advance: 7%
- Week or two in advance: 28%
- About a month in advance: 21%
- Longer: 19%
### Employees with 0-hours-contracts (2014)

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Category</th>
<th>Main Activity</th>
<th>Details</th>
</tr>
</thead>
</table>
| 36%        | Part-time workers | Studying       | - 80% aged under 25 years  
             |           |               | - 60% women  
             |           |               | - 20% want 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 | 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 | 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

- Building, transport and industry workers
  - Men: 34%
  - Women: 32%
  - Total: 33%
- Personal service workers
  - Men: 45%
  - Women: 33%
  - Total: 21%
- Associate professionals in business, health and knowledge work
  - Men: 40%
  - Women: 32%
  - Total: 28%
- Culture and handicraft
  - Men: 20%
  - Women: 36%
  - Total: 43%
- Knowledge work professionals
  - Men: 45%
  - Women: 30%
  - Total: 25%

Legend:
- Relatively regular
- Varies somewhat
- Varies much
“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

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Men</th>
<th>Women</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building, transport and industry workers</td>
<td>46</td>
<td>37</td>
<td>40</td>
</tr>
<tr>
<td>Personal service workers</td>
<td>38</td>
<td>49</td>
<td>42</td>
</tr>
<tr>
<td>Associate professionals in business, health and knowledge work</td>
<td>25</td>
<td>46</td>
<td>37</td>
</tr>
<tr>
<td>Culture and handicraft</td>
<td>54</td>
<td>29</td>
<td>46</td>
</tr>
<tr>
<td>Knowledge work professionals</td>
<td>42</td>
<td>13</td>
<td>46</td>
</tr>
</tbody>
</table>
“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

<table>
<thead>
<tr>
<th></th>
<th>Well</th>
<th>Fairly well</th>
<th>Not very well</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>8</td>
<td>35</td>
<td>41</td>
<td>15</td>
</tr>
<tr>
<td>Men</td>
<td>9</td>
<td>32</td>
<td>42</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>9</td>
<td>33</td>
<td>41</td>
<td>16</td>
</tr>
</tbody>
</table>
Share of operationally or economically dependent of all self-employed without employees 2017 (experimental), LFS

<table>
<thead>
<tr>
<th>Operational dependency</th>
<th>Economic dependency</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>No</td>
<td>92 %</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>5 %</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
<td>3 %</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>0.5 %</td>
</tr>
</tbody>
</table>
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-depended 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-depended 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)
- 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)
Thank you!