



Nordic Council  
of Ministers

# THE FUTURE OF WORK IN THE NORDIC COUNTRIES

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OPPORTUNITIES AND CHALLENGES FOR  
THE NORDIC WORKING LIFE MODELS







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Kristin Alsos and Jon Erik Dølvik (eds)

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# Preface

Major changes in technology, economic contexts, workforces and the institutions of work have ebbed and flowed since well before the first industrial revolution in the 18th century. However, many argue that the changes we are currently facing are different, and that the rise of digitalized production will entirely transform our ways and views of working. In this collaborative project, funded by the Nordic Council of Ministers, researchers from the five Nordic countries have studied how the ongoing transformations of production and labour markets associated with digitalization, demographic change and new forms of employment will influence the future of work in the Nordic countries.

Through action- and policy-oriented studies and dialogue with stakeholders, the objective has been to enhance research-based knowledge dissemination, experience exchange and mutual learning across the Nordic borders. Results from the project have informed, and will hopefully continue to inform, Nordic debates on how to contribute to the Future of Work Agenda that was adopted at the ILO's centenary anniversary in 2019.

The project has been conducted by a team of more than 30 Nordic scholars from universities and research institutes in Denmark, Finland, Iceland, Norway and Sweden. The project started in late 2017 and this synthesizing report marks the end of the project.

In order to address the main aspects of change in working life, the project has been organized into seven pillars with pan-Nordic research teams:

- I. Main drivers of change. Coordinator: Jon Erik Dølvik, Fafo.
- II. Digitalization and robotization of traditional forms of work. Coordinator: Bertil Rolandsson, University of Gothenburg.
- III. Self-employed, independent and atypical work. Coordinator: Anna Ilsøe, University of Copenhagen/FAOS.
- IV. New labour market agents: platform companies. Coordinator: Kristin Jesnes, Fafo
- V. Occupational health – consequences and challenges. Coordinator: Jan Olav Christensen, National Institute of Occupational Health, Oslo.
- VI. Renewal of labour law and regulations. Coordinator: Marianne J. Hotvedt, University of Oslo, and Kristin Alsos, Fafo.
- VII. Final synthesizing report: the Nordic model of labour market governance. Coordinator: Jon Erik Dølvik, Fafo, and Kristin Alsos, Fafo.

In this final synthesizing report we have summarized findings from the previous pillars, and added some reflections on how these findings could be influenced by the pandemic. We then try to tie the findings together and discuss policy implications for the future of work in the Nordic countries.

For Fafo, which has coordinated the project, the work has been both challenging and rewarding. In the final phase of the project, all the Nordic economies were hit hard by the measures taken to slow the spread of the COVID-19 pandemic. This effectively illustrates how analyzing the future of work is a difficult exercise. As our data collection had ended before the pandemic brought the Nordic economies almost to a halt, and the end still seems to be months away, we have had limited possibilities to address consequences and effects of countermeasures taken by Nordic governments.

We are very grateful for all the work done by the cooperating scholars, and we would like to thank our contact persons in the Nordic Council of Ministries, namely Tryggvi Haraldsson, Jens Oldgard and Cecilie Bekker Zober, for their enthusiastic support. Many thanks also to all the members of the steering committee of the project and NCM committees that have contributed to this work through workshops and commenting on different drafts, and not the least to the numerous interviewees in Nordic working life organizations and companies who shared their time and insights with us. We would also like to thank Tone Fløtten and Johan Røed Steen at Fafo for valuable comments and suggestions to this final report.

Oslo March 2021,

Kristin Alsos and Jon Erik Dølvik





# Summary

## Introduction

In 2017, the Nordic Council of Ministers commissioned a project in conjunction with the ILO's one hundredth anniversary in 2019 to study the future of working life in the Nordics, as part of the Nordic countries' Future of Work Dialogues. The purpose of this project has been to look at the challenges and opportunities in the future of working life for the Nordic social models. First, this final report summarises the six thematic reports that have been published since autumn 2018, and then it discusses the consequences of the development for the Nordic social models, along with the adjustments needed for the models to continue to work in the future.

The starting point for this report is the Nordic models as they have been described for instance in the Normod 2030 project (Dølvik et al., 2015). The models in the small, open Nordic economies are founded on three basic pillars: 1) active states with a responsible, stability-oriented macroeconomic policy, 2) strong social partners and coordinated collective bargaining, and 3) universal welfare states contributing to income security, skill formation and labour market participation. In coordination with a market and competition based business sector, the three-pillar models have helped the Nordic countries achieve a combination of efficiency and equity. The models are not static – they have been adjusted and adapted to new realities at a number of junctures. It is precisely this ability of the models to handle crises and major social changes that has been part of the success story.

Several international driving forces, so-called global megatrends, will affect the future of working life. The first report of the project discussed the implications of these trends for the Nordic countries (Dølvik and Steen, 2018). The demographic development with an older population and a stagnating workforce point to an increased scarcity of workers in all the Nordic countries except Iceland. This could be reinforced by reduced labour migration from other EU countries. Urbanisation may increase the inequalities in access to labour between urban and rural areas. Future migrant streams are more uncertain; however, a rapid increase in the number of young Africans as well as climate change are factors that may contribute to a continued high level of migration to Europe.

Climate change will also lead to a re-localisation and need to rebuild and renew infrastructure. Higher carbon fees may lead to lower economic growth. At the same time, investment in new forms of production, energy and transport will present opportunities for innovation and growth. Analyses indicate that the employment effects for the EU/EEA as a whole will be positive. However, this change to new, emission-free production forms will require a transition period not only for businesses but also for workers when it comes to skills, profession and where they will live and work.

The Nordic countries have benefited greatly from globalisation. Until recently, continued free trade with a stable legal framework was taken for granted. However, the development in several countries in the direction of increased protectionism has created uncertainty concerning the future development in this area. Continuing a strong international partnership will be important not only to secure Nordic access to international markets, but also to reduce climate emissions, tax multinational corporations and secure decent working conditions.

Technological changes linked to digitalisation and the so-called "fourth industrial revolution" are expected to replace work tasks as well as create new jobs in the future. The development will be marked by increased computing power with better algorithms, networks, big data and tech giants benefiting from decreasing marginal costs. This may help lead to increased outsourcing and

fragmentation of work. The effects of digital technology on employment as a whole are still unclear and will depend for instance on economic policy and skills development.

### **Consequences of COVID-19 for the thematic areas of the project**

An unanswered question is how the ongoing COVID-19 pandemic will affect the megatrends as well as working life in the Nordics. This report summarises the main findings of the project's sub-reports.<sup>1</sup> Since our data collection was completed before the pandemic reached the Nordic countries, it has not been possible for us to study the consequences of this in our various sub-projects. Nevertheless, we have decided to include some reflections on potential developments in the various areas. In Chapter 2 on digitalisation of traditional work, Rolandsson et al. (2020) point out that the pandemic has led to an accelerating digitalisation of communication, and that this will eventually reduce the number of jobs in trade, transport and accommodation. At the same time, digitalisation of industrial goods production often requires heavy investment in machinery etc. The financial downturn following the pandemic has reduced the rate of investment, which may cause this process to occur more slowly than anticipated. However, previous crises have often resulted in major changes in technological and investment patterns, and at an overall level it is difficult to predict how this crisis will affect the future rate of digitalisation.

Chapter 3 summarises the findings from Ilsøe and Larsen (eds.) (2021) on atypical work. The shutdown associated with COVID-19 has particularly affected groups with atypical labour relations, and a large proportion of temporary employees in hotels and restaurants in the Nordic countries lost their jobs in the first half of 2020. The downturn was also significant in manufacturing, trade and the creative sector. Additionally, the pandemic has exposed gaps in the systems for income security for atypical workers.

Chapter 4 summarises the findings from Jesnes and Oppegaard (eds.) (2020) on platform work in the Nordics. It points out that the economic downturn could contribute to growth in platform work, just like in the aftermath of the global financial crisis of 2008. Since digital platforms particularly recruit from already marginalised sections of the workforce, increased unemployment could cause more people in the Nordic countries as well to have to turn to platform work to get ends to meet.

Chapter 5 summarises the analyses of Christensen et al. (2021) concerning the psychosocial working environment of the Nordic countries in the future. It points out that the COVID-19 pandemic has changed the way many Nordic workers work, in that 50-60 per cent of them have started working remotely, and the majority of these have done so involuntarily. Concurrently, an increase has been observed in Norway in clinical depression, which has been attributed to the increased isolation and restricted freedom. The pandemic has reinforced existing working environment trends. However, it is still likely that many businesses will reconsider how they organise their operations, management and partnerships once the pandemic is over. More working from home may increase flexibility, but also have negative consequences for motivation, productivity and health. The economic crisis may also lead to lower job security in various industries, which may affect people's health and cause more people to fall outside of working life.

Chapter 6 summarises the analyses of Hotvedt et al. (2020) of whether Nordic labour law is ready for the future of work. In this area, it is harder to see that COVID-19 might have any significant impact. The crisis has exposed cracks in the regulation of income security for certain groups of atypical workers. Even though the countries have implemented measures to compensate for this during the crisis, it is uncertain whether these will be continued once the pandemic is over. Whether the crisis will unleash political action to change the legal definition of "employee" depends on the continued development in various types of atypical labour relations. Legislators are more likely to respond if the changes are permanent and of a certain scope.

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1. See <https://www.fafo.no/index.php/prosjekter/aktive-prosjekter/item/the-future-of-work-2#open> and <https://www.norden.org/en/futureofwork> for an overview of publications from the project.

## Lack of workers or lack of jobs?

At the end of the report, in Chapter 7, we discuss our findings in the project as a whole and point to possible implications for policy development in the Nordic countries in the years ahead. There are two main narratives on the future of work. According to one of the narratives, for demographic reasons we will lack workers to fill the jobs we create. For the Nordic region, which has seen solid growth in its workforce for the past 60 years, the future stagnation of the working-age population will present challenges in all the countries except Iceland. To remedy this, it is necessary for a higher proportion of the working-age population to be working, i.e. to increase the already comparatively high rates of employment. This can be done through training, mobilisation and including more people who are currently excluded from working life (inactive), where low-skilled people, young people and ethnic minorities are overrepresented. Other measures include increasing the number of hours/years people work in their working careers, particularly those in atypical jobs, who comprise a third of all workers in the Nordic countries. These are familiar challenges, which so far remain unsolved.

The other narrative states that there will be a lack of jobs in the future. A decrease in the number of jobs is nothing new for the manufacturing industry, where employment has decreased since the 1970s even though production has increased. At the same time, the number of jobs has increased in the service sector, which employs four of five in the Nordic region. The job creation in this sector is partly a result of the product manufacturing businesses having outsourced much of their support function. However, most of the growth is a result of the increase in welfare in the Nordics, particularly the growth in households with two incomes. With more income, we spend more money on services. At the same time, the service sector is labour intensive with low productivity growth compared to the manufacturing sector. This makes it hard to combine a compressed Nordic wage structure with job growth and low taxes. If the wage costs are too high, the price of services will rise and the demand fall. Services must therefore either be subsidised using taxes or low wages or by increasing productivity. So far, the Nordic countries have managed to increase employment in the service sector in combination with a compressed wage structure; however, this may be more difficult going forward with the increasingly growth of cross-border services.

In other words, whether the employment growth will continue in the Nordic countries in the years to come is not primarily a question of technology, but of politics and economic organising. The result depends on whether the economies grow and whether revenue and assets are redistributed in such a way that they help increase domestic demand for products, services and thereby also workers.

## Changing job and skill structures

In the debate on the future of work, the question of how it will affect the current job and skill structure has been key. Will the low-skilled jobs in particular disappear, or will those with medium requirements be the ones to go? The project's analyses of changes in the Nordic region from 2000 to 2015 (Rolandsson (ed.), 2020) show a tendency towards upgrading, in that the proportion of jobs with low skill requirements is shrinking. Most of the job growth has come in jobs with relatively high skill requirements and high wages. Meanwhile, this development is affected by several other factors besides technology, such as development in product markets, business structure, public policy, cyclical fluctuations and more. More detailed analyses also show different tendencies in different parts of the job structure. Many of the jobs that have stagnated or decreased had an over-representation of women, immigrants, low-skilled people and people with atypical work contracts. Among women, increased employment in skilled jobs has given a clear upgrading, while for men there is a general tendency towards increased polarisation.

Higher skill requirements and a decreasing proportion of jobs with low skill requirements make it a more demanding prospect to increase employment in the years to come. When compared with other countries, the Nordic countries have an advantage when it comes to opportunities for further

education. Nonetheless, the ability to strengthen the capacity, flexibility and funding of the job training and educational systems will be crucial for whether they are able to handle future changes in job structure and respond to the shifting demands for skills in working life.

### **Towards a four-fifths society?**

Several developmental aspects point in the direction of greater inequality in the Nordic labour markets, and might lead to a divided working life where one fifth of the workers will have low wages and bad working conditions. To a certain degree, this can be traced back to the emergence of the flexible firm, in parallel with globalisation and the ICT revolution of the 1980s. Employment has grown in the private service sector where the collective institutions are consistently weaker and productivity lower than in manufacturing. This has made the workers in the sector more vulnerable to low-wage competition and atypical labour relations. Women, immigrants and youths are overrepresented in these types of jobs. Previous economic crises have led to an increase in atypical employment forms, such as the growth in platform work internationally following the financial crisis of 2008. The question is whether the social partners in working life will be able to counteract a further development in the direction of increased inequality or if the state must take a more active role in regulation and enforcement in a more international job market. Hotvedt et al. (2021) point out that there are weaknesses in the legal regulation of employment in the Nordic region, which may lead to people falling outside the access to collective bargaining and employment protection, which the legislation provides. Seen as a whole, these developmental traits highlight the need to turn around this trend towards a more divided society and working life.

### **The future of work in light of the COVID-19 pandemic**

In the past 50 years, the greatest changes in the Nordic labour markets have been related to economic crises. The consequences of the COVID crisis are difficult to predict, as it is still ongoing. Experience from past crises is that they lead to processes of innovation, not only in technology, but also in work organisation, institutions, policy and more. The degree to which this might happen following this crisis is uncertain, but some changes and innovations will most likely occur.

We can expect that the crisis will affect the various global megatrends in different ways, partly by reinforcing and partly by counteracting them. Even though the demographics will remain largely unchanged, the economic downturn may lead to increased immigration, while tightened restrictions may make it difficult to move within as well as across national borders. When it comes to climate, the crisis has led to a downturn in carbon emissions, though experience from previous crises gives reason to believe that the emissions will catch up as soon as the crisis is over. In many countries, a weaker economy may also lead to less willingness to invest in green technology, which may delay adaptation and negatively affect Nordic export industry. However, the experience with remote working and digital meetings is expected to reduce emissions associated with a number of travel services, but also lead to lower employment in certain industries. Some of the same development will also be evident in new technology: lower willingness to invest, whilst the crisis in itself may lead to innovation and change in institutions and policy. The economic growth and effect on job creation will likely vary between various parts of the job market as well as geographically. The final megatrend, globalisation, is also affected by contradictory developmental traits. The work to develop and purchase vaccines and medical equipment has been characterised by cooperation as well as "vaccine chauvinism". The shutdown of production for shorter periods has also exposed vulnerability in international supply chains built on the principle of "just-in-time" production. The same is true for the impact of closed borders on border-crossing work mobility and thereby the access to labour in various vital industries. A possible consequence of this is more regional collaboration to ensure that countries, such as in the EU/EEA, are less vulnerable to any halts in global supply chains. This may force the Nordic countries to face difficult decisions regarding the balance between reinforcing European integration and preserving national rights of self-determination.

The labour market consequences of the pandemic and the prognoses for these are changing constantly. So far, the economic crisis appears to be following a V curve, which indicates a rapid upturn when the population has been vaccinated and the societies can safely reopen. However, low investment rates among Nordic companies and slower growth among major trade partners may delay/inhibit this upturn. Previous crises have also shown that even if economic growth occurs rapidly, unemployment may linger, and the upturn of employment may be much slower. This is related to the transitions the crisis leads to, and that it takes longer for workers to find new jobs. The upturn will likely vary between countries and regions, depending on business structure, though public policy will play an important role in promoting skill development, job mobility and inclusiveness.

An open question is whether the crisis will reinforce the tendency in recent years towards dualization in the Nordic societies and lead to more inequality. Many of those particularly affected by the shutdowns are groups working for low wages and in atypical working contracts. As in previous crises, we run the risk that young people will once again be the losers. The highly educated have largely been shielded from the crisis, which serves to further reinforce the uneven distribution effects. Previous crises may show a growth in atypical work contracts when the economy recovers. In combination with a potentially slower growth in the private service sector, the crisis may therefore imply a new shift in the direction of a four-fifths society.

### **Future prospects for the Nordic models**

Not only have the Nordic models survived past crises, they have also been important in handling the societal challenges the crises have entailed. With increased inequality and old and new challenges ahead, it is far from certain whether the Nordic models will survive in the future. In the final section, we point to some possible ways to handle the challenges of future working life. Rather than presenting radically new proposals, we promote a "back to basics" approach where the foundational pillars of the Nordic models are strengthened to meet the future of working life. In some areas this may be done via a more visible government hand and less leeway for the "invisible hand" of market forces in labour policy; however, at an overall level we believe the key to mastering the transition to the future of working life lies in further developing and vitalising the partnership between the social partners and the state centrally as well as locally. In parts of the private service sector, this will likely require public actions to stimulate increased organisation.

Measures to create new jobs and ensure that Nordic employees can attain the skills needed in these jobs and receive the support necessary to handle the requirements of increased job and geographical mobility will be crucial. Similarly, strengthened international cooperation will be required to promote a green transition and secure a fair taxation of multinational corporations.

The social partners and authorities have an important task in securing a robust wage floor so Nordic workers do not lose out in the competition and are not ousted from working life, and also to reduce inequality and redistribute assets which in turn may contribute to increased demand and economic growth. Stronger collective institutions are therefore key. At the same time, it may be necessary to consider adjustments to labour law to prevent new groups in the job market from remaining without legal protection. Trust and equality are important prerequisites for the Nordic models as well as results of the models. To stop the development in the direction of increased economic differences in the Nordic societies, more powerful strategies are needed than what the countries have used to date, particularly since the challenges will be increasing in the time ahead. This will put the resilience and institutional innovative power of the Nordic models to the test. However, this has always been the strength of the Nordic models.

# **PART I**

## **Introduction**



# Chapter 1

## Background and analytical perspectives

Jon Erik Dølvik and Kristin Alsos

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“New forces are transforming the world of work. The transitions involved call for decisive action. Countless opportunities lie ahead to improve the quality of working lives, expand choice, close the gender gap, reverse the damages wreaked by global inequality, and much more. Yet none of this will happen by itself. Without decisive action we will be heading into a world that widens existing inequalities and uncertainties” (ILO, 2019).

These are the opening words of the Global Commission on the Future of Work report prepared for the ILO's Centenary Congress in June 2019, adopting the ILO Centenary Declaration for the Future of Work.<sup>2</sup> Important input came from member states' "Future of Working Life Dialogues", which in the Nordic context were held through a series of joint conferences in the Nordic capitals from 2016 onwards. To strengthen the knowledge base, in June 2017 the Nordic Council of Ministers launched a call for a three-year research project to study the future of work in the Nordic countries. This was granted to a pan-Nordic research group organized by the Fafo Institute for Labour and Social Research in Oslo. Among the central questions the project set out to explore were:

- How are work and working life likely to change in the coming 15–20 years, and what are the main drivers of change?
- How will the Nordic world of work be influenced by the ongoing changes in demography, climate, technology, and the global economy?
- How will the new digital technologies influence employment? Will a large number of jobs be rendered obsolete, or will increasing productivity spur creation of new and different jobs?
- How are the occupational structure and ways in which we work likely to change? Will we see an upgrading or polarization of jobs and skill requirements?
- How will the changes affect working environments, working conditions, employment relations, the regulation of working life, and the Nordic labour market models?

The aim of this final report is to summarize the main lesson from the six thematic reports that have been published since autumn 2018,<sup>3</sup> and discuss their policy implications: What are the key challenges arising for the Nordic labour market models, and what paths of adjustment are suited to making the models work also in the future?

### The COVID-19 twist

Yet, when the project work was entering its final stage, the COVID-19 pandemic unleashed a global crisis unparalleled in contemporary history, reminding us that the future often emerges in unforeseen ways and with unprecedented force. As the empirical work in the thematic pillars was already finished, we had no opportunity to make any systematic assessment of how the unfolding COVID-19 crisis may influence the transition to the future world of work. Yet, it is hard to ignore the impact of the COVID-19 crisis when discussing the findings in this project. What we have chosen to do in this final report, therefore, is in each chapter to first present our main “pre-pandemic” conclusions about how the changing future of work may influence Nordic working life, and then, in view of former Nordic crisis experiences, we have added some tentative reflections about how the COVID-19 crisis may influence the dynamics of change in the area addressed in the respective chapters.

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2. [https://www.ilo.org/ilc/ILCSessions/108/reports/texts-adopted/WCMS\\_711674/lang--en/index.htm](https://www.ilo.org/ilc/ILCSessions/108/reports/texts-adopted/WCMS_711674/lang--en/index.htm) The Global Commission was headed by Swedish PM, Stefan Løfven, and South-African President, Cyril Ramaphosa, both former trade union leaders.

3. See the websites of Nordic Council of Ministers <https://www.norden.org/en/futureofwork> and Fafo <https://www.fafo.no/index.php/en/project-home>

As it is still too early to judge the long-term consequences of the (in time of writing) ongoing COVID-19-crisis, our intention is mainly to spur awareness and debate about its possible impact and policy implications. Irrespective of its longer-term consequences, the COVID-19 crisis illustrates the multifarious mechanisms through which our work and livelihoods, economies, production systems and the social fabric can be disrupted in the interconnected world of globalization.

### **Main drivers of change**

Changes in working life are driven by a variety of factors. Debates in recent years on the future of work have often concentrated narrowly on technological change, whereas other forces of change that are altering working life have been overlooked. Along with digitalization, Section 1.2 thus highlights the importance of demographic change, climate change and globalization, which are often labelled as “megatrends” (ILO, 2018). The impact of these megatrends on working life is neither unidirectional nor independent of political agency. Sometimes the trends pull in divergent directions, and some trends may even reverse, as indicated by the recent signs of deglobalization (James, 2018; Balsa-Barreiro et al., 2020). Moreover, as underscored in the initial project report (Dølvik and Steen, 2018), the opportunities and threats the mega-trends may imply for employment, incomes, and work depend on economic circumstances, the responses of economic actors, the ways their effects are filtered by institutions and policies, and – as underscored above – on entirely unforeseen events. Hence, the future of work is not pre-determined by the megatrends. Their evolution and impact on working life are contingent on human agency, and likely to follow divergent national trajectories and differ across industries and groups of employees.

Aiming to provide knowledge that can stimulate and inform action-oriented public debates here and now, we have chosen a medium-term perspective – 15–20 years – in the project. This should be sufficiently far ahead to help societal actors escape their everyday quandaries, while near enough for them to realize that if they want to influence the future, they should start thinking about it today. From such a perspective, it is preferable to be proactive by forming a fundamental idea of the direction in which things are moving, rather than waiting for more detailed information about what may or may not occur in the distant future.

### **The structure and vantage point of the report**

Internationally, the evolution of the Nordic labour market models is regarded a success story, where high levels of growth and employment with have been achieved, along with lower levels of inequality than in any comparable social models (Dølvik et al., 2015a; Magnusson et al., 2009). At present, however, facing high unemployment in the wake of the COVID-19 crisis, it can by no means be taken for granted that the Nordic success story will prevail. The twin challenge of recovering from the ongoing economic crisis and adapting to a carbon-neutral, digitalized future of work, in a context of growing geopolitical rivalry, can be viewed as a formidable stress test of the Nordic models. Although the Nordic working life actors have proven their ability to handle crises and change before, it remains to be seen whether they are equipped to handle the challenges they are presently experiencing.

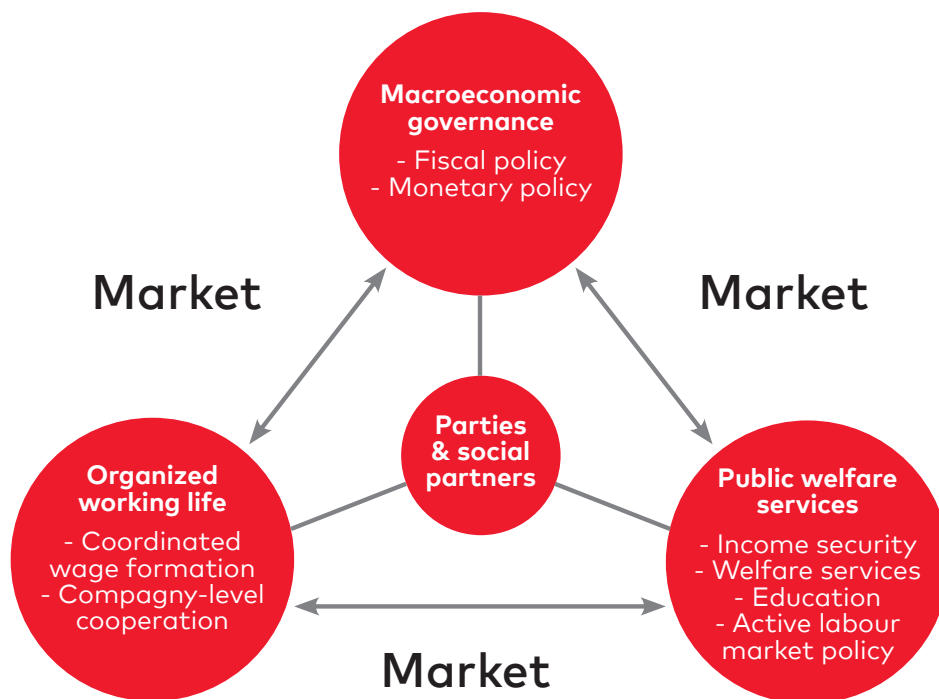
The remaining parts of the report are structured as follows: As vantage point and analytical frame of reference, the remainder of Chapter 1 provides a brief review of the Nordic model, summarizes the potential implications of the megatrends that may shape the future of work, and asks how the COVID-19 crisis may influence the transition to the future of work. The ensuing chapters summarize the main conclusions in each of the project’s five thematic pillars, all supplemented by reflections and questions about how the COVID-19 crisis may affect, alter or qualify these conclusions. Chapter 7 aims to integrate the findings of the individual pillars in a comprehensive, overarching discussion of the strengths and limitations of the Nordic labour market model in the face of the changing future of work, while Chapter 8 discusses the additional challenges the COVID-19 crisis may imply in this respect. In the final chapter we point at policy implications of our findings for the Nordic countries.

## 1.1 The point of departure: the Nordic labour market and welfare model

The first report of the present project describes the main drivers and trends expected to shape the future of work, and provides as a frame of reference for the study a review of the distinctions and present status of the Nordic models (Dølvik and Steen, 2018). In the variety of European labour market and welfare regimes, the Nordic models have been viewed as distinct from the liberal labour markets and residual welfare states of the Anglo-Saxon countries and the more state-regulated labour markets and occupation-based welfare systems of the continental countries (see e.g. Gallie, 2007; Esping-Andersen, 1990). Premised on interaction between markets, institutions, and politics, a central precondition for the performance of the small, open Nordic economies has been the political and social actors' ability to secure coordination and coherence between the following basic policy areas or pillars:

1. responsible macroeconomic policies,
2. coordinated, multi-tiered collective bargaining, and
3. universal welfare states contributing to income security, skill formation and labour market participation (Dølvik et al., 2015b).

In a long-term, comparative perspective, the Nordic models have stood out with their egalitarian income distributions, their universal, tax-funded welfare states, and the encompassing employer and labour organizations. With emphasis on competitive, solidaristic wage formation, the latter have coordinated multilevel bargaining systems with strong company tiers, forceful dispute settlement mechanisms, and strict peace duties between bargaining rounds. Prudent fiscal policies have aimed to maintain balanced budgets over the cycle, enabling countercyclical stabilization of demand growth and employment in the short term. When credit markets were liberalized in the 1980s, independent central banks were granted greater responsibility for securing low inflation and stabilizing economic demand. After the Nordic countries joined the EU/EEA Single Market in the early 1990s this partly changed. Finland eventually adopted the euro and Denmark pegged its currency to the euro, while the other three Nordic countries have run flexible exchange rate systems.



**Fig. 1.1:**  
The traditional Nordic model in small, open economies . Source: Dølvik et al., 2015b.

The Nordic models of policy coordination have also entailed important supply-side elements (Steinmo, 2013). Long-term public investment in education, welfare services and active labour market policies have promoted equal opportunities and stimulated the supply and mobility of labour and skills. This has contributed to high labour market participation rates and highly skilled workforces. In vocational education and training (VET), Denmark has stood out with its comprehensive apprentice system, whereas the VET systems in the other Nordic countries have mainly been school-based – though Norway has a mixture of both (Tønder and Nyen, 2016).

As outlined in the Swedish Rehn-Meidner model (LO, 1953), the interplay between market competition, solidaristic wage setting, and income security has spurred industrial restructuring and contributed to high levels of productivity, innovation, and mobility. Market dynamics have reallocated labour and capital into the most productive firms (Erixon, 2011). At the same time, active labour market and social policies have assured unions of the benefits of productivity-oriented cooperation at workplace level – a typical Nordic example of “politics with markets” (Magnusson et al., 2009).

### **Renewal, adjustment and development**

The virtues of the Nordic models have in no way made their labour markets immune against crises and policy failures. In the export-reliant Nordic economies, the labour markets are sensitive to fluctuations in international markets, competitiveness, and demand shocks. Mirroring the interdependencies between central policy domains and the comprehensive coordination required to ensure stability, the Nordic economies have since the 1970s repeatedly run into self-inflicted crises. These have been generated by excessive national demand growth, overheating and bubble bursts, causing recession and soaring unemployment. Suffice here to mention the financial crises in Finland, Norway and Sweden around 1990, and in Denmark and Iceland in 2008, all resulting in severe labour market slumps (Olafsson et al., 2019).

Emerging from the calamities of the Great Depression in the 1930s, the success story of the Nordic models is not a result of erecting walls against disturbances from international markets. Dependent on international trade, the crux has been to provide “collective insurance” against the individual costs of hard times (Barth and Moene, 2012). Institutional capacity has been built to mobilize joint efforts to overcome crises by instigating renewal, adjustment, and development, so to speak, “from crisis to crisis” (Dølvik et al., 2015a). Hence, it is not crisis avoidance but the ability to recover and benefit from crises through industrial restructuring, innovation, and reconfiguring of institutions and policies – a Nordic “creative destruction”, to borrow the term from Schumpeter (1942) – that over time has brought the Nordic countries to the top of international rankings of equality, quality of life, digitalization etc. (UNDP, 2020).

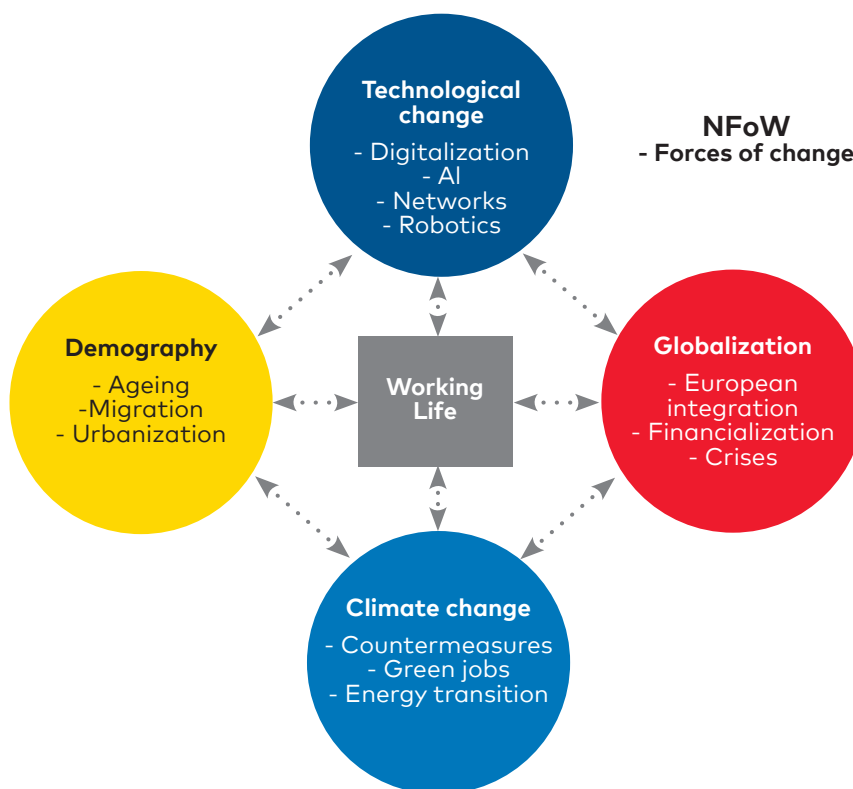
Despite the Nordic models’ traditional capacity for flexible adjustment (Katzenstein, 1985), the past decades’ stagnant employment rates<sup>4</sup> and problems with social exclusion, household debt, and inequality may indicate that the models’ resilience is weakened. In parallel, erosion of trade unionism and workplace relations is witnessed in several industries, especially in private services (Andersen et al., 2014). Future challenges will come on top of, and interact with, such unresolved problems. Adding to this the COVID-19 crisis and its aftershocks, these challenges are likely to aggregate.

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4. The main exception is Sweden since 2009.

## 1.2 Global megatrends and drivers of change

Changes in working life are, as mentioned earlier, influenced by a variety of factors. Still, in the literature there has been a growing consensus regarding the most important common drivers of change – the so-called megatrends. The impact of these trends on the world of work are believed to be more prominent in the future. In line with the ILO Global Commission on the future of work (ILO, 2019), our first project report highlights four such megatrends, namely, changes in demography, climate, technology, and globalization (Dølvik and Steen 2018).



**Fig. 1.2 Main drivers and megatrends**

Source: Based on Dølvik and Steen (2018:20)

In the following we review how each of these megatrends may affect working life and highlight some critical factors for the Nordic models' ability to cope with them.

**Demographic change**, stemming mainly from ageing and migration, is projected to reduce the European workforce substantially both in absolute terms and relative to the dependent elderly population. While the working-age population in EU/EEA was projected to peak in 2020 (2018 estimations) and shrink by ca. 45 million between 2016 and 2080, the COVID-19 pandemic is estimated to speed up this contraction (Eurostat, 2018; European Commission, 2020b).<sup>5</sup> Germany alone foresees a decline of 9 million by as early as 2040, amounting to a 22 per cent decrease. By contrast, the European elderly population is projected to increase by over 50 million between 2016 and 2080, mostly among the very old (85+), contributing to a radical rise in the European old-age dependency ratio from 31 per cent in 2019 to 57 per cent in 2100 (Eurostat, 2018; 2020). The demographic changes will be somewhat milder in the Nordic countries, except Finland. However, declining fertility rates and increased old-age dependency will propel expenditure on pensions,

5. According to Eurostat (2018), Demographic changes-profile of the population, these projections are based on fertility and death rates evolving in line with trends in recent decades, and medium-range assumptions regarding net immigration.

health, and elderly care without a corresponding rise in taxpayers. Growth in the Nordic working-age populations from 2017 to 2040 is projected to be minimal, except in Iceland, ranging from slight declines in Finland and Denmark to very modest increases in Sweden and Norway (Sánchez Gassen and Heleniak, 2019).<sup>6</sup> This bodes for growing labour shortages in the Nordic region. Simultaneously, shrinking labour supply and strengthened competition for labour within the European Single Market may restrain labour migration from the EU. Concurrently, urbanization and rural ageing are foreseen to accentuate geographical disparities in the national supply of labour and skills (ibid., Statistics Norway, 2020). Lastly, the uncertain factor in all demographic projections is migration. Given the rapid growth in working-age populations in other regions – Africa in particular – and the impact of climate change, both pull and push factors are likely to maintain strong pressures for immigration to Europe.

A critical factor for the future of work in the Nordics arising from these demographic trends is the ability to mobilize sufficient supply of labour and qualifications, both in rural and urban areas, making inclusion and skill formation among groups with presently low participation rates a key issue. Solid wage floors that make work pay off for inactive, welfare-dependent groups are also important in this regard.

**Climate change** and societal efforts to minimize carbon emissions will affect the future world of work profoundly. If the efforts to curb global warming fail, the environmental effects are likely to cause massive destruction of jobs and livelihoods around the globe and prompt waves of migration from the hardest-hit areas. Even if the two-degree target is met, more storms, floods and droughts flowing from the changes in temperature, rainfall and sea levels will alter the conditions for production and work in many regions. The transition to renewable energy and low-emission transportation and production will involve major investments in physical infrastructure, means of production, decarbonisation of existing buildings,, and urban development, and thus propel industrial restructuring and changes in the volume of work and skills needed in many industries (EPRS, 2021). Higher taxes on carbon emissions to try to reach the two-degree target are likely to raise energy prices and, ceteris paribus, weaken economic growth (Cappelen et al., 2020). On the other hand, initiatives like the European Green Deal launched to foster transition to a carbon-neutral European economy by 2050 is foreseen to boost investment and open up a range of new production and job opportunities. This includes development of equipment for renewable energy production, carbon-free transport, manufacturing, construction, and services related to the supply chains of renewables and energy efficient equipment and installation processes (Eurofound, 2019). For countries and regions taking the lead, moves in this direction may present novel opportunities for growth, innovation and job creation in companies and industries that are able to meet the demand for climate-friendly products and production.

Available studies suggest that the net, overall employment effects of the transition to a green economy will be modestly positive for the EU/EEA as a whole, but the effects will vary across countries, depending on their current energy sources, industrial structures, and vulnerability to environmental change (Eurofound, 2019; ILO, 2017; Esposito et al., 2017). For instance, the Norwegian working life, fuelled in large part by the petroleum sector, is likely to face more sweeping restructuring than other Nordic countries where the main export products are less emission intensive. According to Eurofound estimates, the measures needed to reduce EU emissions 40 per cent below the 1990 levels by 2030, in line with the Paris targets, will create net EU employment gains of 0.5 per cent by 2030 – mostly in middle and low wage occupations (Eurofound, 2019). Although the projected gains in the Nordic EU countries are somewhat smaller, due to their comparatively modest carbon emissions, the overall employment impact is probably less of a

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6. According to this NordRegio study, the working-age population (15-64) in Sweden and Norway will only grow 4.9 and 5.5 per cent respectively from 2017 to 2040, that is, ca 0.2 per cent annually (Sánchez Gassen & Heleniak, 2019).



concern for the Nordic economies than the challenges of labour market restructuring that are bound to arise. As all parts of working life need to adapt to the requirements of a green economy, adjustments in workplace practices, production processes, and organization are likely to entail profound shifts in job structures, the demand for labour and skills, and the regional pattern of production. An overarching challenge will thus be to ensure that the affected workers and communities are granted the support, training, infrastructure and means needed to master the upheavals such shifts are bound to imply in their work and livelihoods.

A critical factor for the future of work in the Nordics arising from the challenge of climate change is to provide adequate support schemes enabling people to master the increased pressures for industrial restructuring and occupational and regional mobility that are likely to evolve.

**Globalization** of production, trade, investment flows and finance, together with deepened and widened European integration, have over the past decades contributed to sweeping changes in the pattern of production and work around the globe. China has emerged as the “world factory”, and billions of people in Asia and Africa have been lifted from poverty. In parallel, increased competition from low-cost producers, relocation of labour-intensive production, and evolution of worldwide supply chains and cross-border flows of labour and services have contributed to losses of low-skilled, manual jobs and growing inequality in the advanced industrialized countries. The Nordic systems of regulation and wage setting have consequently been put under pressure.

Benefitting greatly from international market integration, the small, open Nordic economies have been dependent on predictable legal-political frameworks for economic exchange. For many years, this has virtually been taken for granted, but in view of the past years' backlashes illustrated by Brexit, protectionist outbursts in different capitals, and the COVID-19 lockdown of international travel and supply chains, one cannot preclude that the processes of globalization will slow down, reverse or take more regionally divided forms in the future. Even in the Nordic countries, governments and companies seem inclined to rethink their strategies to safeguard national supply of essential goods and services. In an international context of geopolitical instability and rivalry, mounting debt, and the crisis caused by the pandemic, the prospect of withering or break-up of the multilateral governance regimes would indeed imply more unpredictable economic, regulatory, and environmental conditions for Nordic working lives. Simultaneously, the Nordic countries are grappling with new EU initiatives towards deeper integration aimed to cope with global warming and the COVID-19 crisis, entailing more binding, supranational cooperation in areas ranging from macroeconomic policies, health supply and minimum wages to environment, the European Green Deal, and taxation of global tech giants. As the interconnectedness spurred by digitalization is engendering new forms of globalization, the emerging patterns of monopolistic competition and power flowing from the digital marketplace seem to disempower the nation-states and require more, not less, multilateral cooperation, regulation, and enforcement.

Critical factors for the future of work in the Nordics arising from this changing international context are, firstly, to prevent that geopolitical rivalry and protectionism shut Nordic producers out from major trading markets and supply chains, and, secondly, to contribute to the development of more stringent transnational regimes for carbon emission reduction, taxation of cross-border business, and enhancement of decent work and labour standards.

**Technological change** associated with rapid progress in areas such as computing, robotics, artificial intelligence, and biotechnology – encapsulated in the notion of a “fourth industrial revolution” – is

expected to propel profound change in working life in the future. Although technological change as such is nothing new, the expanding possibilities of digital technology may enable rationalization, automation and reshaping of work at an unprecedented scale. The exponential increase in computing power coupled with ever-improving algorithms, networks, and big data is accompanied by a rise of global mega-corporations benefitting from decreasing marginal costs – i.e. increasing returns to scale – and winner-takes-all advantages, granting them quasi-monopolist market power and capacity to circumvent national jurisdictions. Concurrently, computerization of cognitive as well as manual routine tasks, along with digital platforms matching tasks and labour in new ways, cause new lines of division and increased outsourcing and fragmentation of work. Most jobs are likely to be affected, many will be transformed, some will disappear, and new types of jobs will emerge. The jury is still out regarding the overall employment effects, and the scope and pace of job destruction and creation, which will vary across countries (see Chapter 2).

In the past, Nordic working life actors have embraced new technologies as tools to eliminate heavy, dangerous work and improve wages, working conditions, productivity and competitiveness. Contributing to economic growth, this has spurred job creation and labour demand in new areas, especially in services. In a borderless digital economy where company revenues and profits more easily escape national systems of taxation, distribution, and re-investment, the national employment gains of new technologies are more uncertain and politically more difficult to harness. Irrespective of the overall job effects, the combination of digitalization and transition to a low-emission economy is likely to unleash a period of intensified working life restructuring where the demand for retraining, life-long learning, and employee mobility will increase. Traditionally, the Nordic working life actors have been able to handle technology-driven restructuring in efficient, cooperative, and inclusive ways. Hence, the Nordic countries appear better equipped for the transition to a digital future of work than most comparable economies (see e.g. European Commission, 2020c). Yet, in some respects, the digital transformation of work seems to challenge central features of the Nordic models built around the employee/employer relationship, where the egalitarian income distributions and power relations have been appreciated as sources of trust and comparative advantage. In one much-cited scenario of digital disruption, most new jobs come in high-skilled/paid occupations, whereas medium-skilled routine jobs – the stronghold of trade unions and collective agreements – are hollowed out, and competition for jobs in the lower end intensifies. If this development materializes, there is indeed a risk that inequality is amplified and that we “are going towards a more divided society” (Stiglitz, 2018).

Critical challenges for the future of work in the Nordics arising from digital technological change are, firstly, to enhance skill formation by strengthening the opportunities and incentives for acquisition of basic (vocational) skills, continuous on-the-job training, retraining, and life-long learning, targeted especially at groups most at risk of becoming redundant in restructuring processes. Such continuous reskilling ought, secondly, to be underpinned by strengthened support schemes for local restructuring and facilitation of occupational and regional mobility.

In the future of work debate, the potentially divisive effects of digitalization and artificial intelligence are often assumed to be reinforced by the other megatrends so that growing inequality is singled out as an independent megatrend in itself (see World Economic Forum, 2018). In this project, however, we have treated increasing inequality as a potential outcome rather than an exogenously given determinant – that is, the distributive effects depend on the political and institutional frameworks within which the future of work evolves. In the same vein, Barth and Moene (2012) have criticized the view that high inequality is almost inevitable in globalized economies, evidencing that the most globalized, open economies, such as the Nordics, actually tend to have the smallest inequalities as they have developed collective insurance mechanisms aimed to cushion the effects of global market forces (see also Katzenstein, 1985; Rodrik, 1997).

### 1.3 The COVID-19 crisis: brake or catalyst for change?

When the initial report about the drivers of change was written in 2018, the prospect that a virus occurring in a Chinese live animal market should close down working life around the world and unleash one of the deepest economic setbacks in modern time was definitely not on our radar. In the two first quarters of 2020, the GDP in the OECD area fell roughly five times more than in the initial phase of the 2008 Great Recession, and the GDP dives in the Nordic countries ranged from 6.5 per cent in Finland to 14 per cent in Iceland (OECD, 2020a;). When the economies started to reopen early summer 2020, growth eventually began to recover, unevenly and protractedly, but as the second and third waves of the pandemic have hit and new mutations have emerged before a critical mass of the populations have been vaccinated, the full consequences are still difficult to grasp, and predictions change from one month to the next.

For 2020 as a whole, the GDP fell by 3.5 per cent in the US, 6.6 per cent in the Euro zone, and between 2.5 and 4 per cent in the Nordic countries, except for Iceland where the drop was over 7 per cent (Statistics Norway<sup>7</sup>; Eurostat, 2021a; OECD, 2021a). In the Nordic context, the initial decline in 2020 was comparable to that of the 2008 financial crisis. Even though the Nordic economies eventually recovered quite well after the 2008 recession, the long-term consequences for the labour market can still be observed.<sup>8</sup> The pace of recovery from the COVID-19 crisis is still hard to predict, even though the 2021 GDP forecasts have turned somewhat more optimistic since the summer of 2020 (OECD, 2020b; World Bank, 2021).

While adopting somewhat different approaches to combat the pandemic, all the Nordic countries responded in line with their tradition of tripartism and risk sharing with vigorous countercyclical economic policies. All the countries launched a plethora of rescue and income compensation schemes for industries, firms and labour hit by the shutdowns of working life. Over the summer of 2020 the economies picked up and many people could return to work. Still, when the second wave hit in the autumn, the number of workers registered as unemployed or furloughed, in wage support schemes, working shorter hours or having given up searching for a job was still very high by Nordic standards. In the hardest-hit service industries, workers with low skills and earnings – typically youth, women and ethnic minorities, often with non-standard contracts – have been strongly overrepresented (Ilsøe and Larsen (eds), (2021)/Chapter 3; Bratsberg et al. 2020, OECD, 2020a).

When completing this report in early 2021, vaccination has commenced and we can – at least in our region – envisage that the pandemic will largely come under control, and that working life can return to some kind of normal sometime during 2021. However, delivery problems for vaccines and their unknown effectiveness against various mutations of the virus make all forecasts uncertain. Activity in large service industries such as hotels and restaurants, air travel and transport, leisure, culture and parts of retail remains at a low point. Companies struggle with risk of further redundancies and even bankruptcy, and the high numbers of jobless people face a slack labour market with scant jobs at offer. International demand remains weak, and activity in the European markets for Nordic export industries was 5–10 per cent lower in January 2021 than a year earlier (OECD, 2021a). Despite soaring stock markets, the prospects for global production and employment appear uncertain.

Against such a backdrop, it is difficult to assess the longer-term impact of COVID-19 on employment and the future of work. Any attempt will have to be tentative and built on uncertain assumptions. Nevertheless, to enhance labour market recovery and build bridges into the post-COVID working life, it is important to discuss how the crisis may affect labour markets and work in the years to come. How politicians and social partners respond to the immediate problems Nordic workers and companies are now facing will not only shape their opportunities to overcome the abyss, but also influence our societies' capacity to recover and adjust to the green, digital and ageing working life of the future.

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7. <https://www.ssb.no/en/knr>

8. However, while the GDP dropped substantially in Finland, employment rates were less affected, at least compared to the 1990s downturn.

**PART II**  
**Reviews of previous reports**  
**from the project**

# Chapter 2

## The impact of digitalization on employment and traditional jobs

Bertil Rolandsson and Jon Erik Dølvik

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### 2.1 Introduction

Digital, technological change associated with rapid progress in computing, robotics, and artificial intelligence – the so-called “fourth industrial revolution” – has in recent years been expected to usher in a period of disruptive transformation of working life (Frey and Osborne, 2017; Brynjolfsson and McAfee, 2014; Susskind and Susskind, 2015). As pointed out in the Pillar-2 report from the NFoW-project, Digital Transformations of Traditional Work in the Nordic Countries (Rolandsson (ed.), 2020), fast technological change is nothing new in the Nordic economies. Still, the current evolution of networked machines, additive manufacturing, machine learning, Internet of Things (IoT) and so forth is foreseen to propel automation and reshape work at unprecedented scale. Concurrently, the computerization of cognitive as well as manual routine tasks, along with digital platforms matching tasks and labour in new ways (see Chapter 4; Jesnes and Oppegaard (eds), 2020) has added a new twist to pre-existing tendencies of labour market dualization, outsourcing, and fragmentation of work (see Chapter 3; Ilsøe and Larsen (eds), 2020). In this perspective, most jobs are supposed to be affected by digitalization. Many jobs will be transformed, some will disappear, and new types of jobs will emerge.

Against this backdrop, Pillar-2 of the project set out to study digitalization in areas of traditional work in the Nordic labour markets, exploring how the allegedly disruptive dynamics of digitalization were influencing employment, work and labour relations for ordinary Nordic employees. The Pillar-2 report reviewed, firstly, how the number of jobs, productivity growth, and the sectoral structure of employment have changed during the past decades of fast technological and digital change in the Nordic working life, and secondly, whether these changes have been associated with upgrading, polarization or downgrading of the occupational skill/wage structures of employment since 2000. Thirdly, it presented our company-based case studies of the objectives and effects of digitalization in manufacturing, retail, elderly care, and banking. These traditional sectors account for a large share of Nordic employment.

By going behind the grand narratives of digitalization as a uniform force and achieving a more down-to-earth picture of the meaning and effects of digitalization at ordinary workplaces, we also sought to get a view of how local actors in the Nordic working life model perceive and handle the challenges of digitalization. Although there is reason to treat the findings as preliminary, our study suggests that digitalization in major sectors of Nordic working life is more marked by gradual, evolutionary change and institutional continuity than by disruptive transformation.

### 2.2 Main findings

The ensuing paragraphs summarize the five main takeaways from the study:

**1) *The digital transformation has thus far not led to reduced employment, slower job growth or increased labour productivity growth in the Nordic economies.*** Reviewing Nordic developments in jobs, productivity, and sectoral composition of employment during the past 20–30 years of digital technological change, the study confirms that new technologies have contributed to reduced employment growth and labour intensity in several industries, for instance retail, banking, manufacturing, and other tangible goods production.

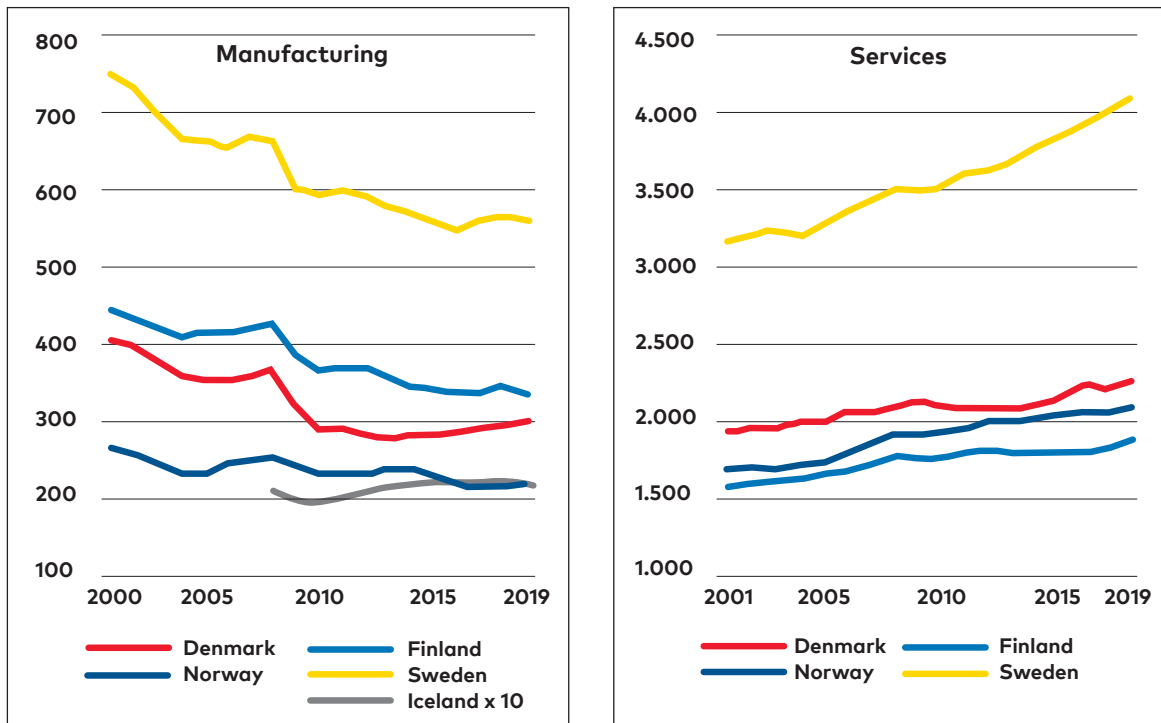


Fig. 2.1 Employment in Nordic manufacturing and services, 2000–2019, thousands. Source OECD.stat.

More importantly, however, it shows that the steady job growth in the service sectors has as a whole brought continued, long-term employment growth in the Nordic countries. Evidently, the economic gains of technological rationalization in several goods and service producing sectors have thus far contributed to increased demand and employment in other services industries that more than offset job decline in the former. Insofar as there has been economic growth, overall employment growth has remained quite stable measured in the number of people in work. Especially male employment has been sensitive to cyclical fluctuations, however, mirroring developments in sectors like manufacturing and construction.

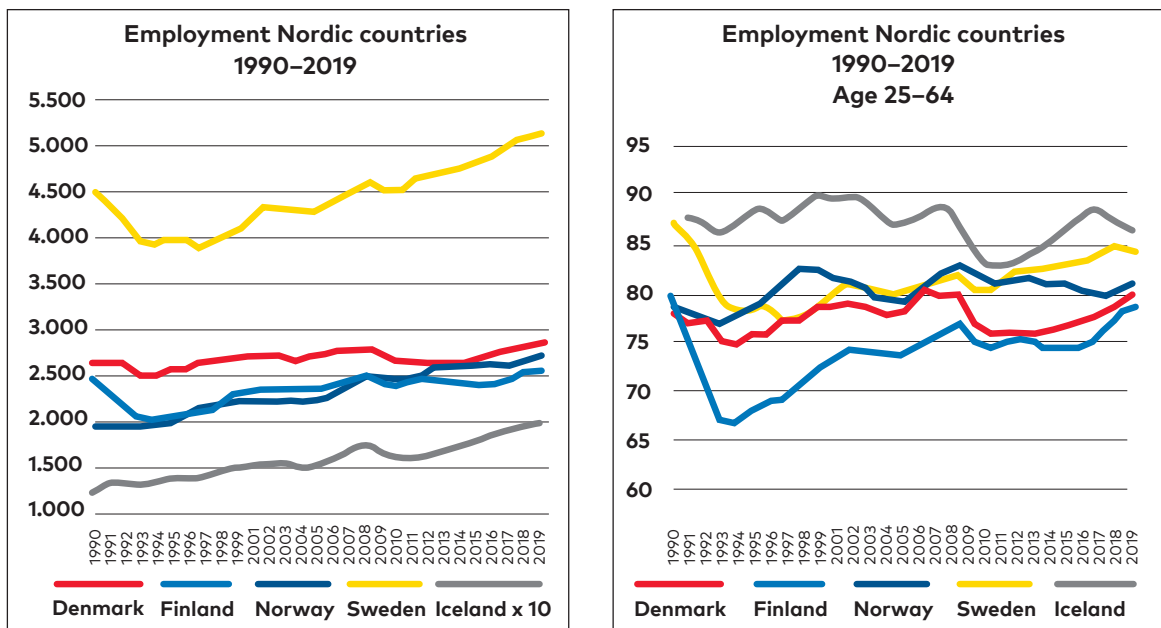
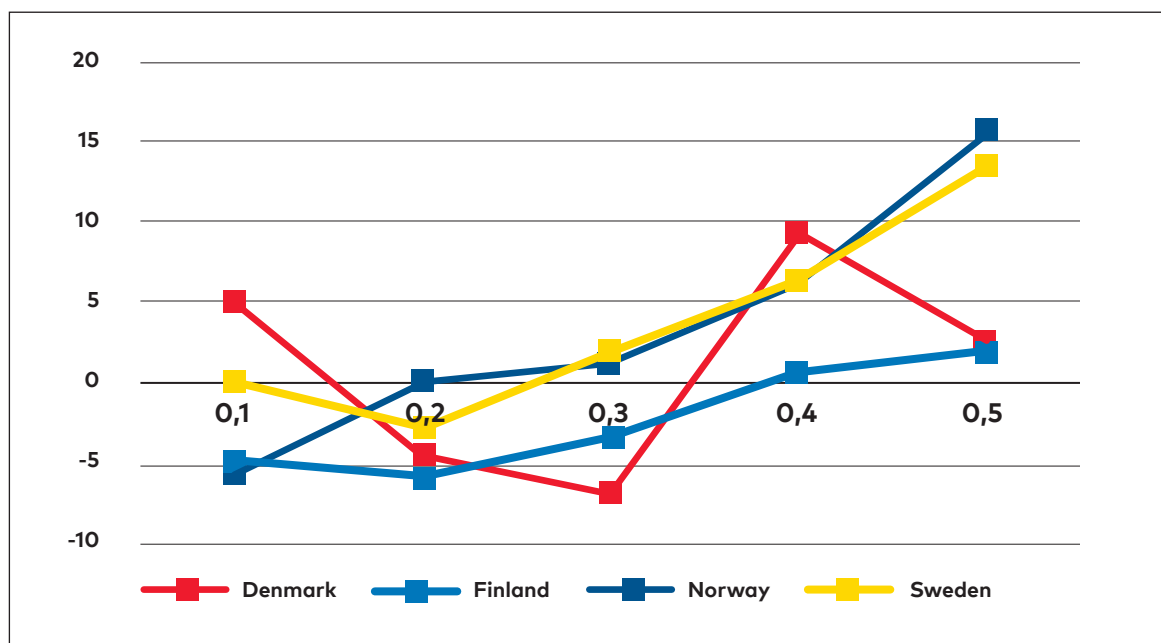


Fig. 2.2 Development in the number of employed people (thousands) and in employment rates (per cent, age 25–64) in the Nordic countries, 1990–2019. Source OECD.stat.



Thus, the spectre of massive digital job destruction has not materialized. Neither are there any indications that digitalization has led to slower job growth – i.e. lower job intensity of economic growth – in the Nordic economies.<sup>9</sup> Nor is there any clear trend towards increased labour productivity growth even in manufacturing or business services. It is too early to say whether these retrospective observations are indicative of future trends or mainly reflect that the digital transformation is still in its infant stage. However, as illustrated by the 2008 financial crisis and the ongoing COVID-19 crisis, it is quite clear that the employment consequences of economic crises and fluctuating growth hitherto have been much more salient than the job effects of digitalization.

**2) Since 2000, there has been a tendency towards upgrading the occupational structure of employment in most Nordic countries, except Denmark.** According to our mapping of changes in the occupational structure of Nordic employment from 2000 to 2015, based on Labour Force Survey data (Berglund et al., 2020), developments vary somewhat between countries and sectors. Changes in Denmark were clearly moving towards polarization, i.e. most job growth was in the top and bottom of the occupational structure, while employment in occupations in the middle was declining. In Finland, Norway, and Sweden the trend was towards upgrading, i.e. increased employment shares in high skilled/paid occupations, decreasing shares in the lower end, and relative stability in the middle. The upgrading tendency was not only found in the public sector, manufacturing, and other goods production. Contrary to the thesis of polarization, a similar upgrading pattern was also found in the services sector as whole, which has been the main engine of employment growth since the turn of the century. This has especially benefitted women who have seen strong employment growth in the middle and upper parts of the occupational structure and decline in the low end. Males, by contrast, have seen a more mixed pattern of change with a pronounced polarization in Sweden (only growth in the top and the bottom) and mainly growth in the upper end in Norway.<sup>10</sup>



**Fig. 2.3: Per cent Employment Change in Occupational Wage Quintiles, 2011–2015. LFS, 16–64 years.** Weighted data.

9. The volume of work measured in total hours has also continued to rise from 2000 to 2018, growing 18.7per cent in Norway, 16.5per cent in Sweden, and 21.1per cent at Iceland (2010–18), contrasted with 6.4 per cent in Finland and 2.4per cent in Denmark 2000–18 (OECD stats; National Accounts). These discrepancies presumably reflect weaker growth in the working-age population in Finland and Denmark, and their prolonged economic slumps after the financial crisis, and have evidently nothing to do with digitalization.

10. Data for Finland and Denmark were for practical reasons unavailable at the time of writing this.

**3) While digitalization blurs existing boundaries between white-collar and blue-collar workers, organizational stakeholders continue to link different digital technologies and upskilling opportunities with different groups of employees.** In our qualitative study of digitalization projects in eight large multinational companies in manufacturing (a cornerstone of the Nordic labour market model) we focused on the organizational responses to the emerging demand for digital skills, changes in work organization, employment relations, and the content of work in practice. In this industrial context, digital technologies and automation were nothing new, but had formed part of continuous innovation and restructuring processes since the 1980s. Although the number of manual jobs had declined, production and productivity had risen. Among all the interviewees there was broad consent that without such technological renewal the workplaces had been long gone. Especially for blue-collar workers, where unskilled jobs tend to disappear or be offshored, the rise in teamwork and changes in job content, skill requirements, job demarcations, and occupational health and safety conditions were mainly perceived as an upgrading of work. Often, tasks that previously had been a prerogative of the engineers were taken over by workers on the shop floor who appreciated their enhanced autonomy, despite occurrence of new forms of cognitive stress (see Chapter 5, Christensen et al., 2021).

By moving beyond descriptions of digitalization as a coherent, unitary force, and distinguishing between the digitalization of production, administration and communication, we found significant variation in how different employee groups have responded to the demand for change and upskilling of work. While bringing clear prospects for upgrading of jobs and competencies among blue-collar workers, white-collar workers did not experience similar opportunities to rise in the occupational structure, but encountered intensified individualized demands, within existing positions, to keep themselves updated and agile. Nonetheless, with flatter organizations and more fluid division of labour, new forms of cooperation between blue- and white-collar unions had evolved in several instances. Without broad worker participation and trade union involvement, digitalization projects would according to management and labour representatives alike seldom succeed. Rather than an obstacle, the Nordic model of industrial relations was thus seen by all parts as an important advantage for Nordic manufacturers seeking to exploit the the new digital opportunities (sometimes referred to as Industry 4.0). As broader changes associated with the green shift and the recent COVID-19 pandemic provide further impetus to restructuring and digitalization of manufacturing production, the demand for policies enabling affected workforces to handle the pressures for reskilling and job mobility will most likely intensify in the years to come.

**4) Digitalization notwithstanding, growing demand has propelled growth in service employment, especially in high-skilled service occupations, whereas workers in lesser skilled routine jobs susceptible to digital rationalization have faced more variable, uncertain job prospects.** The service sectors account for roughly four-fifths of Nordic employment. As technological transformation seems to bring further job decline in manufacturing and other goods industries, our study underscores the importance of continued growth in the service sectors to maintain employment growth. Being spatially bound and dependent on human interaction with the customers/clients, many service jobs, especially in social and personal services, have so far been less susceptible to technological rationalization. A range of economic, institutional, and behavioural factors influence the potential for labour saving digitalization of services. Hence, the extent to which the gains in productivity and benefit flowing from new digital technologies exceed the costs and can be re-invested in new jobs varies profoundly also within the service sector. The study illustrates this variety by looking more closely at three different service industries.

Retail is the largest service employer, with high shares of female employees and job opportunities also for marginal or low-skilled groups. Despite growth in turnover, job growth has shown signs of stagnation in recent years. As growing e-commerce and digitalization of routine tasks reduce the demand for manual labour, emphasis is shifting towards customer interaction and personalized service. Despite a growing need for staff with expertise in ICT and logistics, forecasts indicate that retail employment will shrink markedly in the future.

Elderly care also employs many women and offers job opportunities for marginal groups. Marked by complex social demands and skill requirements, it is uncertain to what extent digital technologies can make caring work easier or faster. Digital tools can indeed free up time for interaction with the elderly by saving time in administration and disposal of medicines, but such gains have proven difficult to confirm (Karhinen et al., 2019). Nevertheless, our interviewees saw digitalization as a helpful means to handle the conflicting pressures from growing workloads, shortages of skills, and budgetary constraints.

Nordic banking is in the forefront of digitalization. Still, high demands for trust, qualifications, accountability and regulatory compliance entail certain limits to digitalization. Employment has largely stabilized after a turbulent period of financial crises and sweeping regulative and technological change. While digital automation has reduced administrative routine jobs, web-based digital services have replaced many face-to-face services but also increased the demand for skills in maintenance, service innovation, and sales, as indicated by the phrase “from tellers to sellers”. The possible entrance of Big Tech into the industry and the growing fintech niche bode for further change in the coming years. The emerging digital ecology of interdependent financial actors sharing information is expected to further alter the ways of working and the skill set needed in banking, with increasing demand for skills in ICT, data security, and compliance.

These case studies suggest that digitalization in several large, traditional service industries is leading to fewer manual routine tasks and more qualified, communicative tasks, that is, an upgrading of the occupational structure. This has benefitted the increasing share of well-educated women in particular. At the same time, many female jobs in low-end occupations have become obsolete due to increased use of digitalized self-service provision in sectors like retail and banking. Given also the rapid adoption of digital communication tools displacing low-skilled routine jobs in travel, hotels/restaurants and other personal services during the COVID -19 pandemic (Dieppe, 2020), this may raise questions about the services sector’s future ability to serve as an engine for inclusion of workers with little formal education, young people, immigrants and other marginalized groups (Jensen and Nergaard, 2018).

### **2.3 Digital change and continuity of traditional work: Further lessons**

By studying how digitalization influences ordinary workplaces in sectors accounting for substantial parts of Nordic employment, we sought to go behind the narratives of digitalization as a uniform driver of disruptive job destruction and obtain a nuanced view of what it means for the work of ordinary Nordic employees. In sizeable, traditional parts of Nordic labour markets, the impact of digitalization seems so far more marked by gradual adaptation than paradigmatic, disruptive change, cautioning against technological determinism. In most instances, the diffusion and adoption of digital technology is taking time and leaving room for evolutionary, pragmatic adjustment of work practices and institutions.

Still, the role of digital technology in the sectors we looked at differed vastly. In banking and manufacturing, where significant digitalization has been undertaken since the 1980s, current changes appear largely as a continuation of previous trends. In retail, the rise of e-commerce seems to indicate more sweeping change in the years to come, propelled also by automation of routine tasks and the entry of giant digital disruptors like Amazon. In elderly care, by contrast, the ageing population increases the demand for labour, despite the introduction of labour-saving digital tools. As to the aggregate job effects, the diverse trajectories of digitalization in these industries illustrate that the impact on overall employment cannot be inferred from the direct job effects of technological rationalization within single industries but depends on the indirect shifts in labour demand between industries and sectors that it contributes to. As long as the value added resulting from digital change within some sectors is used to boost demand and job-generating investment in other sectors, there is no compelling reason that digital technological change should lead to reduced

employment in society (see Chapter 7). It is precisely such mechanisms that have contributed to the steady rise in employment and the shift from industrial to service work in the Nordic countries since the 1970s, when new technologies and labour were mainly complementary factors.

To succeed with digitalization projects and reap the mutual benefits thereof, both the employer and labour interviewees in our case studies underscored that broad participation and worker involvement in the processes of reorganization and upgrading were indispensable. Even when implying a reduced need for labour or burdensome changes in work organization, jobs and skill structures, the union representatives were generally positive to digitalization, which they considered as a necessary means to safeguard competitiveness and jobs or, as in elder care, to cope with increasing workloads. Hence, digitalization seemed to generate surprisingly little controversy. Neither was there any concern voiced in any of our cases that the Nordic model was undermined or becoming obsolete due to digitalization. On the contrary, representatives of both sides viewed the Nordic model as an important resource in handling technological change.

That said, by propelling changes in the occupational structure (mostly towards upgrading) the impact of digitalization on the recruitment base of different trade unions varies markedly. While the decline in the constituencies of manual trade unions anchored in industrial production seems to persist, the higher-educated base of white-collar associations is steadily growing both in the private and the public sectors. The prospects for organizations in routine-based service occupations appear much bleaker, also because these parts of the labour market stand out with higher shares of non-standard jobs and lower propensity to unionize (Ilsøe and Larsen (eds), 2020). In such a scenario, altering power relations and conditions for coordination in collective bargaining and political arenas, the organizations of groups in most need of protection risk losing ground and clout, while those of the better off may gain strength and influence (Andersen et al., 2014). Insofar as occupational restructuring also seems to weaken job prospects and strengthen job competition for groups with limited education and skills – undermining their individual negotiating position – there is an imminent risk that digitalization will reinforce the rise in inequality of wages, working conditions, and labour market opportunities in the Nordic countries. The past decades' marked growth in wage dispersion in the lower half of the Norwegian labour market, along with the steep decline in the employment rates of especially male labour with limited skills/education, is a case in point in this respect.

Whether digitalization fuels further upgrading of the job structure, polarization or mixes of both in different parts of the labour market (Eurofound, 2017), the findings in our study suggest that the restructuring and associated occupational mobility will cause widened skill gaps and mismatches in the labour market. In order to meet changing employer demands and enable newcomers and workers with dated skills to move into areas with shortages of skills and labour, digitalization will strengthen the need for active labour market policies, mobility-enhancing support, and investment in vocational education and training, re-skilling, job training, and lifelong learning in a range of areas. Such policy measures are particularly important for the parts of the workforce whose skills become redundant due to digital rationalization, but also for the large shares of the workforce that will need to update their digital and other skills to master the changing task requirements in their present jobs or occupations. The accelerated digitalization triggered by the COVID-19 crisis affecting several service branches with a large female workforce also calls for targeted strategies to counter a potentially widening gender gap in digital skills.

By exploring how actors in traditional cornerstones of the Nordic working life model are responding to digitalization, we have had a glimpse of the resilience and adaptability of the model within its core areas, where we found little evidence of disruptive break-ups from former work practices. The dominant picture was rather one of incremental adjustment and institutional continuity, leaving scope for a range of applications and human responses. The ways and purposes for which digital technologies are used, and the resulting consequences, appear in most instances significantly

influenced by social actors and the organizational context in which they are applied. Hence, digitalization is not merely a technical process but involves broader processes of organizational reconfiguration where the connection between digital technologies and the ways of working is a two-way relationship, which is substantially influenced by the institutional-political frameworks within which it evolves. From our explorative, empirical observations it also seems that the actors at the core of the Nordic working life model are able to influence this relationship in ways that can be both instrumental and compatible with the *modus operandi* of the model.

Thus, the analyses in this report suggest that there is reason to treat with caution the argument that digitalization is causing massive job destruction and disruptive transformation of work. As pointed out by John Maynard Keynes long ago (Keynes, 1930), it is important to bear in mind that changes in working life are shaped by many other factors than technology. In fact, the fluctuations in Nordic employment in the past decades have clearly been much more affected by cyclical swings and economic crises caused by financial and macroeconomic policy failures than by digital technological change. When finishing this report, the COVID-19 pandemic had unleashed a new downturn in the world economy with severe labour market consequences. The addendum below presents some brief, preliminary reflections about the possible impact of the COVID-19-crisis on future labour market developments and digitalization of work.

## **2.4 Addendum: How will the COVID-19-crisis affect employment and digitalization of work?**

As pointed out earlier, the “supply shock” caused by the sudden closure of production, supply chains and trade when the pandemic hit, quickly turned into a global “demand shock” as declining incomes in companies and households brought falling investment and consumption (OECD, 2020a). This prompted an unparalleled dive in global production.<sup>11</sup> Considering also that the largest markets for Nordic exports, the EU and the UK, were hit by deeper and probably more protracted downturns, such prospects are likely to hold back export growth in the small, open Nordic economies for some time. Thus, even if some of the Nordic home markets may benefit from less virus spread and a faster recovery propelled by forceful countercyclical policies, the weak impetus from international demand is likely to repress Nordic investment and employment growth.

The accelerated digitalization of certain forms of work under the COVID-19 crisis accentuates the need for competence and mobility-enhancing policies in the crisis aftermath. How the crisis will influence the broader dynamics of digitalization and the labour market effects thereof is, however, difficult to predict at this stage. On the one hand, it is evident that the pandemic has led to accelerated digitalization of communication work in several industries (Dieppe, 2020, Navrebjerg and Minbaeva, 2020), which *ceteris paribus* will reduce the need for labour in, among other industries, retail, hotels and restaurants, aviation and other transport industries. The leap in digital communication can thus be expected to aggravate the negative employment effects of the crisis, particularly in low-skilled service occupations with substantial shares of women, immigrants and youth, thereby amplifying the socially skewed, structural effects of the pandemic. On the other hand, in more capital-intensive areas of production, typically manufacturing, where digitalization requires large investments in machinery, the burst of the COVID-19 crisis brought plummeting investment rates – nationally and internationally. The overall pace of digitalization is therefore likely to slow down for a period, delaying the labour-saving effects of automation and digital rationalization in male-dominated production of goods. Moreover, as the crisis pushes the international economy onto a lower growth path, the repercussions of the drop in investment may well have longer-lasting effects on the pace of digitalization.

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11. The percentage GDP decline in quarter 1–2 2020 varied in Northern Europe from 22.6 in the UK, 15 in the Eurozone, 14 in Iceland and 11.7 in Germany to 8.9 in Denmark, 8.2 in Sweden, 6.8 in Norway and 6.5 percent in Finland (OECD, 2020a).

However, sometimes the creative destruction effects of crises in the past have instigated groundbreaking shifts in technology and investment patterns, paving the way for growth in novel markets and products. Furthermore, while the crisis has pulled down overall investment rates, it has apparently triggered political and stock-market interest in gearing up the shift towards renewable energy and production, advocating, as seen in the European Green Deal, increased investment in green technology. As such a development (if it materializes) will entail further digitalization of production processes, one cannot preclude that the COVID-19 crisis all-in-all may serve to speed up digitalization in the longer run, especially in the area of renewable/green production.

Altogether, the impact of the COVID-19 crisis on the digitalization of work is therefore likely to be ambiguous and contradictory. While spurring faster digitalization of communication and destruction of jobs in the short term, the crisis-induced fall in investment is likely to slow both digital rationalization and job creation in goods production in the medium term, implying that countervailing political efforts to boost investment in renewable technologies may well become a decisive X factor both as regards job growth and digitalization in the longer run. Yet, while politicians of all colours have seen the need for forceful state efforts to keep up popular consumption during the crisis, suggestions that the states should adopt more proactive strategies to boost investment in renewable production technologies, jobs, and infrastructure to overcome the slump have proven more contentious. Such proposals will hardly be less contested when the bills for the rescue packages during the COVID-19 crisis require increasing shares of the shrunken state coffers. Clearly, technological renewal is only one of several elements in the broader political and socioeconomic processes shaping the future of work.

# Chapter 3

## Non-standard work in the Nordics – troubled waters under the still surface

Anna Ilsøe and Trine P. Larsen

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It is well-known that the wage and working conditions for non-standard workers are typically at a lower level than for standard workers (Rubery et al., 2018; Rasmussen et al., 2019; Chapter 2 in Ilsøe and Larsen (eds), 2021). Non-standard workers are often not unionized and their access to social benefits and employment protection tend to be more restrictive (Kjellberg, 2020; Nergaard, 2020, Chapter 2 in Ilsøe et al. 2021). When the COVID crisis hit the Nordic labour markets, it acted like an x-ray displaying new and more diverse groups of non-standard workers not previously captured by existing surveys and register data. Non-standard workers were some of the first to lose their work, and many stood without social protection (See chapter 12 in and Larsen (eds), 2021; Larsen et al., 2020; Fløtten and Trygstad, 2020).

This chapter presents a summary of the main findings from Pillar 3 of the project, which analyzes the developments in the scope and depth of non-standard work in the Nordics over the last two decades (Ilsøe and Larsen (eds), 2021). Empirically it draws on data provided by the individual Nordic countries' Labour Force Survey (LFS) and company case studies in distinct sectors such as hotels, elder care and the creative industry (see full report on Pillar III for further details). These analyses have been conducted by national teams from each of the five Nordic countries.<sup>12</sup>

The study compares developments and risks in non-standard work across countries and sectors as well as changes in regulations. Furthermore, it sheds light on the emerging practices of non-standard work in selected sectors and social partner responses to these developments. Finally, we address the impact of the COVID-19 crisis for non-standard workers, their access to government help packages and discuss perspectives for further research.

### 3.1 Non-standard work in the Nordics since year 2000: a still surface

Focusing on four traditional and well-known forms of non-standard work (fixed-term, temporary agency work, solo self-employment and part-time work, including marginal part-time (0–15 hours per week) and long part-time (15–30 hours per week), the share of non-standard work has remained relatively stable in the Nordics since 2000. Around a third of all work arrangements can be characterized as non-standard work according to LFS data from the Nordic statistical offices. Slight fluctuations can be observed over the years, but they do not seem to move in a particular direction with an overall trend of increase or decrease in non-standard work. In fact, the surface appears to remain relatively calm.

However, the regulatory context of non-standard work has changed over the last decades, which means that risks and insecurities in non-standard work are changing (Berglund et al., 2017; Mailand and Larsen, 2018; Rasmussen et al., 2019; Chapter 2 in and Larsen (eds), 2021). One trend is policy measures to fight or compensate for insecurities and close protective gaps in the social and

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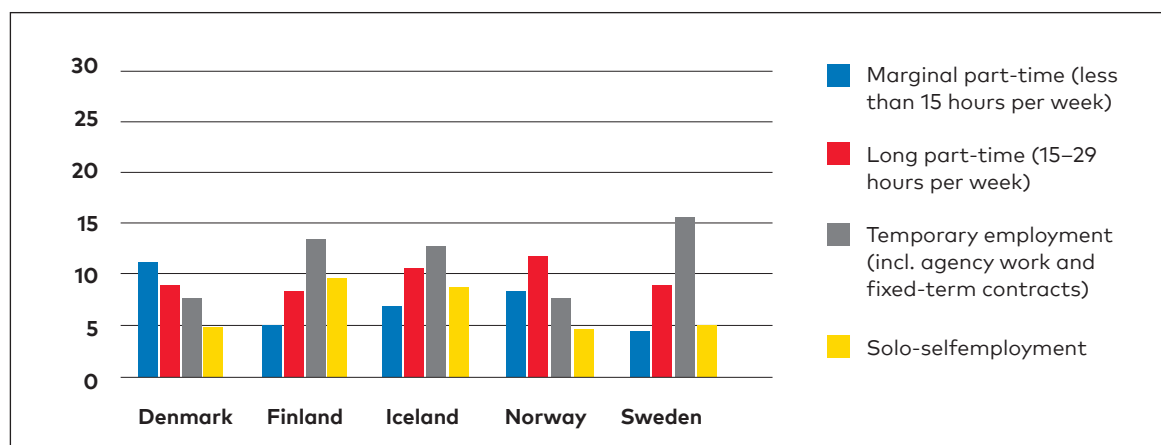
12. The Danish team included Anna Ilsøe, Trine P. Larsen and Emma S. Bach (FAOS, University of Copenhagen), Stine Rasmussen and Per Kongshøj Madsen (CARMA, University of Aalborg). The Swedish team included Tomas Berglund, Anna Hedenus, Kristina Håkansson and Tommy Isidorsson (University of Gothenburg). The Finnish team consisted of Jouko Nätti, Satu Ojala, Tiina Saari, Paul Jonker-Hofrén, Pasi Pyöriä (University of Tampere). Kristine Nergaard (Fafo) accounted for the Norwegian part of the study, whereas Katrin Olafsdóttir, Kolbeinn Stefansson, and Arney Einarsdóttir (Reykjavik University) formed the Icelandic team.



employment protection for non-standard workers. For instance, the reform of the unemployment benefit system in Denmark in 2018 eased multiple jobholders' access to accrue entitlements to unemployment benefits. Likewise, the Norwegian and Finnish governments' restrictions on zero-hour contracts are examples of policy responses to limit risks of precariousness among workers with contracts of few or no guaranteed working hours (Chapter 5 and 6 in and Larsen (eds), 2021). However, we also find examples of recent welfare retrenchment and stricter eligibility criteria regarding access to social protection in all five Nordic countries (Chapter 2 in Ilsøe and Larsen (eds), 2021). Furthermore, successive Swedish governments have relaxed employment protection for temporary workers (Berglund et al., 2017). As a result, we also find a trend of policy measures that reproduce insecurities in non-standard work.

### Comparing the Nordic countries: the mix of contractual forms differ

Although the surface remains relatively calm in all the Nordic countries, we find a great variation in contractual forms when moving beneath the aggregated level. Each Nordic country presents a different blend of non-standard work, which often relates to variations in the national regulatory context and policy strategies (Fig.31).



**Fig.3.1: Types of non-standard employment in the Nordics as percentage of all employed (15-74) in 2015.** Source: National country reports for Pillar III based on LFS data. 2015 is used as a reference year due to data breaks in later surveys.

Temporary work (including fixed-term contracts and temporary agency work) is especially widespread in Sweden and Finland (Fig. 3.1). Solo self-employment is most prevalent in Iceland and Finland. Marginal part-time work is widespread in Denmark and Norway, whereas long part-time work has the highest share in Norway and Iceland. Involuntary non-standard work has increased in all the five Nordic countries. While solo self-employment or part-time work is often voluntary, it is less so for workers in temporary jobs, especially in Sweden and Finland. In addition, the insecurities experienced by non-standard workers relate to certain forms of non-standard work. Temporary workers are particularly exposed to risks of in-work poverty and job insecurity, whereas the risk of income insecurity measured as underemployment is highest among marginal part-time workers.

### The sector matters: troubled waters under the still surface

Moving beneath the national level to the sector level, important cross-country and inter-sectoral differences can be observed. Across the Nordic countries, the most significant changes in terms of the share of non-standard work seem to unfold in particular sectors. In some sectors such as retail, the creative industry, hotels, restaurants and tourism, non-standard work is on its way to becoming a more common staffing strategy. For instance, marginal part-time has grown rapidly in the hotel and restaurant sector, especially in Denmark. Policy initiatives responding to such changes take place at national, sector and company levels, respectively. In the Danish hotel and restaurant sector,

unions and employers' organizations have negotiated inclusion of a special wage premium for workers without guaranteed hours in the sector-level agreement as well as agreed to company-level agreements with the aim to increase the number of full-time hotel cleaners (Chapter 8 in Ilsøe and Larsen (eds), 2021). In Iceland, pension contributions are mandatory by law for solo self-employed workers and administered via the tax system. In Norway and Denmark, unions have developed targeted member services for solo self-employed workers. In addition, the Swedish government has commissioned a working group to identify the protective gaps regarding solo self-employed workers and develop recommendations to close these gaps (see Chapter 2 in Ilsøe and Larsen (eds), 2021).

### **Emerging practices of non-standard work: challenges and possibilities**

Moving the locus of analysis to the company level, fluctuations seem to increase and new employment practices emerge below the surface. Our case studies of workplaces in selected sectors reveal a broader scope of contractual forms than the traditional and well-described forms available in the existing statistics. Contracts without guaranteed hours (zero-hour contracts, on-call work etc.), along with subcontracted work, are used continuously and consciously in the case companies both in the public and the private sectors (Bach et al., 2021; Hedenus and Rasmussen, 2021). The possibility of using such contracts is not new, and traditionally on-call work has for instance been used to cover gaps in cases of sickness or leave. However, it seems that the aforementioned employment practices have become more widespread and are increasingly seen by some employers as an integrated part of the regular schedule (Jäehrling et al., 2018; Rubery et al., 2018; Arnholtz and Andersen, 2016; Berglund et al., 2017). For example, in the two case studies from the hotel and restaurant sector in Denmark and Finland, one in two employees are on contracts without guaranteed hours (Bach et al., 2021). Also, in the two case companies examined in the Danish and Swedish elderly care sectors, up to half of the employees are on call-workers. Although many workers in elderly care and hotels and restaurants are women and/or students, who prefer less than a full schedule, these workers are in an insecure position, as they have no guaranteed working hours or earnings (Hedenus and Rasmussen, 2021). Our case studies also highlight new contractual forms that aim to address some of the insecurities experienced by non-standard workers. In Sweden and Norway, we examined examples of freelancer companies, which hire freelancers as employees and offer different levels of services and security, without removing the flexibility for the single freelancer to choose their own tasks and prices. In Sweden, these companies have formed their own business organization. The contractual forms in the freelancer companies can be used by both newcomers and experienced freelancers depending on the set-up (Hedenus and Nergaard, 2021).

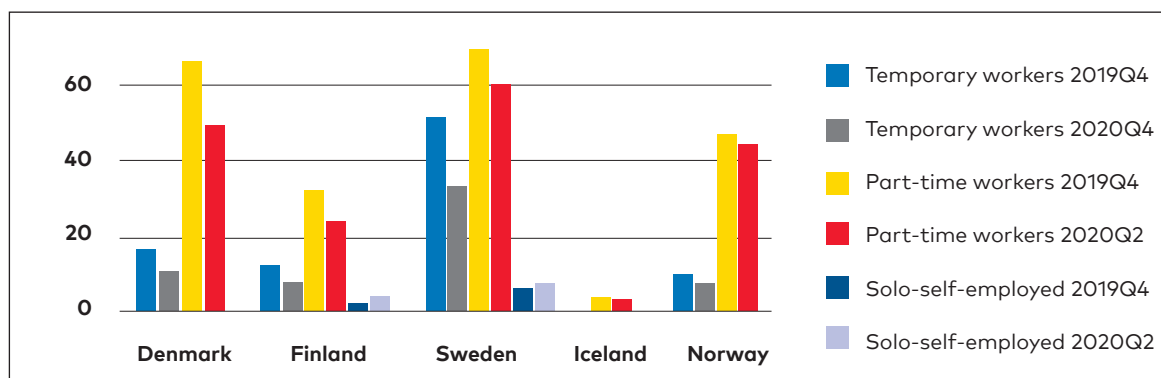
### **3.2 Regulation of non-standard work: reproducing or fighting insecurities**

Non-standard work is in general characterized by higher levels of flexibility and lower levels of security than standard work (Rubery et al., 2018; Kalleberg, 2011). In many cases, the flexibility of non-standard work is preferred by both employers and workers at company level. Examples are students, who work on marginal part-time or zero-hour contracts in retail or restaurants, or parents working long part-time in the public sector. However, the shock effects of the COVID-19 crisis on the Nordic labour markets were a lesson to many non-standard workers. These workers were often the first to lose their jobs and were left with limited if any social and employment protection (Chapter 12 in and Larsen (eds), 2021). The Nordic labour market and welfare models deliver some security also to non-standard workers – even in times of crisis. However, more protective gaps can be observed for non-standard than standard workers (Rubery et al., 2018, Palier and Thelen, 2010). In some instances, collective agreements tie social and employment protection to past employment records and working hours, whereby regulations reproduce or perhaps even reinforce differences in security between standard and non-standard workers (Mailand and Larsen, 2018; Trampusch, 2013; Kvist, 2011). Underemployment and limited social protection are core concerns among non-standard workers (Grimshaw et al., 2016).

### 3.3 Non-standard work in times of crisis – impacts on employment and help packages

The COVID-19 crisis has hit the Nordic economies hard and even in some instances harder than the financial crisis in 2008 when measured in terms of GDP decline. The economic slowdown has been accompanied by growing unemployment concentrated in tourism, retail, hotels and restaurants, transport and large parts of the creative industry – sectors where non-standard workers are overrepresented.

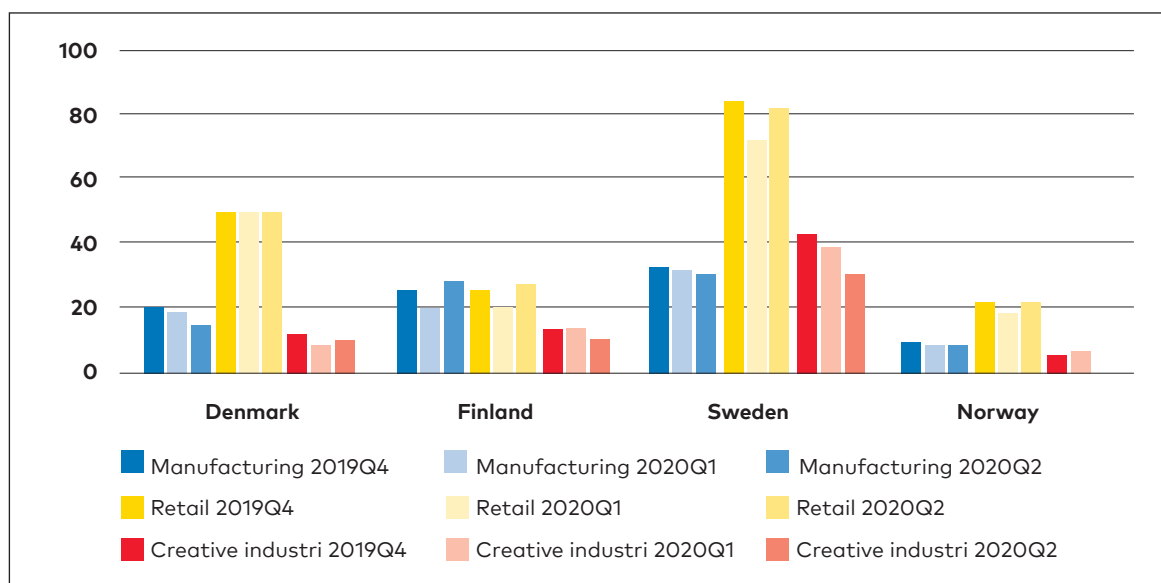
When looking at the hardest-hit sectors, we find that temporary workers were particularly vulnerable to job loss. The share of temporary workers in hotels and restaurants declined by more than 37 per cent in Denmark and Sweden in the first two quarters of 2020 compared to 24 per cent in Norway and 42 per cent in Finland. Also, the share of part-time workers declined in the Nordic hotel and restaurant sector in the first two quarters of 2020 (Fig. 3.2).



**Fig. 3.2 Recent development in non-standard work measured in thousands of employed people aged (15–74 year) in the nordic hotel and restaurant, selected quarters (2019q4–2020q2).**

Source: Authors' own calculations based on LFS data Eurostat; Note: Figures for Iceland regarding temporary workers and figures for solo self-employed in Denmark, Iceland and Norway are unavailable due to too few observations.

Other sectors such as manufacturing, retail and the creative industry also saw many temporary workers lose their jobs during the first months of the COVID crisis (Fig. 3.3).



**Fig. 3.3 Recent development in temporary employment measured in thousands of employed people aged (15–74 year) in different sectors, selected quarters (2019Q4–2020Q2).**

As pointed out in Chapter 1, in 2020 the Nordic governments launched a series of unprecedented help packages that in many respects differed from the kinds of measures we saw during and after the financial crisis in 2008. In particular, these government-led initiatives targeted much broader groups such as unemployed, temporarily laid off, people on sick pay as well as freelancers and students. Although the intentions of the Nordic governments' help packages aimed to unite people by creating an encompassing safety net, we find that even for those on the outskirts of the labour market, the reforms in some instances exposed and reinforced cracks in the Nordic employment and social protection. Certain groups, notably freelancers, entrepreneurs, temporary agency workers and employees with contracts of few hours were especially vulnerable to job loss and often left with limited if any social protection. For example, in Denmark and Sweden (and unlike Finland, Iceland and Norway), some groups of non-standard workers such as temporary workers were not covered by the wage compensation and short-term schemes introduced to protect workers in times of crisis. In other instances, the Nordic governments' temporary suspension (Finland, Norway, and Iceland) or lowering (Denmark, Sweden, and Finland) of various eligibility criteria enabled groups often unable to qualify for social protection to be covered in case of illness or job loss (Ilsøe and Larsen (eds), 2021). Thus, it seems that the COVID crisis has not only tested the safety net around non-standard workers, but also pointed to gaps in the system. So far it has taught us that non-standard workers are often helped more effectively when using more general provisions such as the unemployment benefit system, whereas targeted measures for specific subgroups less often reach their intended target. This may relate to the patchwork behaviour by many non-standard workers. Many combine various forms of non-standard work to avoid underemployment, which makes it difficult to categorize, measure and target them. However, it may also relate to a lack of fine-grained data and knowledge on some of these subgroups, which makes it difficult to develop targeted policy measures (see discussion below).

### **3.4 Muddy waters and lack of data: methodological challenges when studying non-standard work**

Our case studies demonstrate that Nordic employers use a broader scope of non-standard contracts beyond the most well-known forms. This indicates that we are looking through muddy waters when trying to measure developments in non-standard work. Academic research, social partners and national governments have historically used LFS data on the four well-known and relatively widely used forms of non-standard work as a lens to track developments and inform policy. However, more marginal forms that are not systematically documented via the LFS (but often included under broader categories) seem to have become more widespread in certain sectors (See also Chapter 1 in Ilsøe and Larsen (eds), 2021). This is the case for instance with zero-hour contracts and on-call work. Some of these groups may figure as part of marginal part-time work or other traditional categories, including full-time employment. Also, we find newer categories such as work via freelance companies or digital labour platforms that are not documented (see Ilsøe and Larsen (eds), 2021, Chapter 4). In sum, we lack fine-grained data on emerging practices within non-standard work. This is a weakness as most analyses and policy developments among Nordic social partners and governments rely on LFS and register data. In some Nordic countries, attempts have been made to include ad hoc modules in the LFS on for instance zero-hour contracts (Finland) and platform work (Denmark, Finland) (see Chapter 13 in Ilsøe and Larsen (eds), 2021; Chapter 4). The advantages of integrating more differentiated questions in the LFS is the ability to compare figures with other contractual forms within and across countries. However, surveying new contractual forms is not without its challenges, as it requires a certain level of public awareness and language to ensure validity. The COVID crisis may have solved part of this problem as public awareness of new contractual forms seems to have increased during the crisis, at least in some Nordic countries. New forms of register data like e-income registers in Denmark have been used with some success to measure marginal part-time. Also, we find discussions on including digital data from labour platforms to get a more nuanced picture of ongoing changes. Our report calls for further methodological development of non-standard work in the Nordics to support policy makers and social partners with more updated data.

### 3.5 The future of non-standard work in the Nordics

The findings summarized in this chapter feed into the discussion of the future of work in the Nordics in two ways. Firstly, the results tell us something about the composition of the Nordic labour markets in the future, and secondly, they give indications with regards to the future of the Nordic models.

Whereas the overall volume of non-standard work in the Nordics seems to be fairly stable in the period studied (2000–2020), the composition of non-standard work has changed. These results speak against the fear that we will all become freelancers. However, changes can be observed at sector level in line with changing economic cycles and changes in regulation. Furthermore, employers seem to rely on a greater variation of non-standard contracts, leading to a more differentiated picture among non-standard workers. For instance, we find that zero-hour contracts seem to replace part-time contracts or that temporary contracts without guaranteed hours are replacing open-ended contracts without guaranteed hours. This points to a casualization process within non-standard work, which can deepen the segmentation between standard and non-standard workers within sectors and within a single workplace. In sum, we find that non-standard work within the same sectors and groups of workers is mainly the same as before, but their contractual conditions tend to be deteriorating.

Such a process presents two significant challenges for non-standard workers. Firstly, using contracts with few or no guaranteed hours increases the risk of underemployment and income insecurity, and may lead to an increasing share of multiple jobholders. Secondly, temporary contracts (especially of short duration) increase the risk of in-work poverty and job insecurity. The risks seem to be greatest for workers on contracts, which are both short and without guaranteed working hours (some forms of on-call work). Finally, the need to combine various forms of non-standard work to accrue enough hours may lead to a clustering of risk among particular groups of workers. In sum, this casualization process highlights the importance of strengthening or in some instances establishing social and employment protection measures for non-standard workers via the Nordic labour market and welfare models.

Whereas most non-standard workers are covered by collective agreements in some sectors (for instance elderly care), this is less often the case in other sectors (for instance hotel and restaurants). Solo self-employed workers and freelancers are rarely covered by collective agreements due to competition laws (see Chapter 6 in Ilsøe and Larsen (eds), 2021). Furthermore, non-standard workers are less likely to be unionized and members of an unemployment insurance fund than standard workers (Nergaard, 2020; Kjellberg, 2020). Accordingly, social partners are faced with different opportunities to effect changes in the composition of non-standard work and improve security for non-standard workers within different areas of the economy. Some changes can be reached by making adjustments within the Nordic collective bargaining systems, whereas others may only be reached via national laws due to low collective bargaining coverage in certain sectors.

In sum, it seems relevant to adjust not only some of the tools of Nordic labour market regulation but also parts of the Nordic welfare state (either through unilateral state action or through tripartite arrangements) to prevent a deepening of the differences between non-standard Nordic workers and their peers in (full-time) standard employment. Legal extension of collective agreements such as in Norway, Iceland and Finland or extension via labour clauses in publicly procured work represent ways to protect non-standard workers without collective agreement coverage. However, legal extension of collective agreements is highly controversial in Denmark and Sweden. Furthermore, such solutions do not solve the challenges facing solo self-employed workers. Unilateral actions by unions, employers' associations, companies or governments may address some of the challenges experienced by the solo self-employed (see Hotvedt et al., 2021; Chapter 6). Freelancer companies or union-led freelancer bureaus is one such initiative. However, it is too early to say whether these initiatives will grow into a broad coverage of the freelance labour market.

Different EU directives have aimed at improving the rights of non-standard workers such as the proposed directive for introducing a European system of minimum wage regulation, the recent proposal for regulating the platform economy and the recently adopted directive on transparent and predictable working conditions. Such EU initiatives have often sparked national debates and responses and have historically been met with skepticism by Nordic trade unions, employers' associations and governments. In such instances, the dilemma arising between the protection of the Nordic collective bargaining model and strengthening the legal floor of rights for non-standard workers has caused controversy, but also examples of Nordic success in influencing the EU proposals.

These EU initiatives can be relevant for non-standard workers in the Nordics, notably the groups experiencing greater insecurity in the labour market than previously and who are not covered by collective agreements. However, it remains to be seen how the Nordic social partners will address the content of these proposed directives, and if adopted at EU level, whether they will implement these proposed directives by agreement or negotiate something similar to keep the ownership among the bargaining partners intact. Regulation by agreement is often more efficient in practice due to the number of ambassadors within the organizations negotiating the agreement. However, the low union density among non-standard workers may challenge the relevance of such negotiations: are the negotiations in line with the needs and wishes of non-standard workers, and are the actors able to ensure proper implementation? Are unions and employers' associations as member-based organizations able to represent non-members? These are questions to be addressed in further studies of the regulation of non-standard work in the Nordics in a context of relatively stable figures but sharpening divides between core and periphery in the workplace.

# Chapter 4

## Platform work in the Nordic countries and the consequences of the COVID-19 crisis

Kristin Jesnes and Sigurd Oppegaard

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Employers rely on having a variety of non-standard contracts at their disposal. Combined with digitalization, we also see new types of companies and new forms of work emerging. Platform work is the latest development, and can be defined as work that is mediated, coordinated, organized and/or controlled by a digital platform (Jesnes, 2020). The work is characterized by varying working hours and work periods, the worker must provide the equipment needed to do the job, there is no fixed workplace provided by the company, and tasks are mediated by means of digital technology (Stewart and Stanford, 2017). The workers are most often classified as (solo) self-employed by the companies and paid on commission, but this is disputed. Workers, trade unions and scholars (see for instance Prassl 2018) claim that platform companies (i) control pay and other terms and conditions of the work through algorithms and (ii) that some workers are dependent upon such work. The following questions arise: Are platform workers self-employed because they want the flexibility of this form of work? Alternatively, are they self-employed because these companies do not offer an employment contract? And what implications does this have for the platform workers? Self-employed workers carry the risks associated with their business. They do not have the same rights to social protection as employees, and presumably do not have the possibility to organize and collectively demand better pay and working conditions. The latter also challenges one of the trademarks of the highly organized Nordic countries, whereby the social partners to a great extent regulate pay and working conditions through collective agreements.

This chapter presents a summary of the main findings from Pillar IV of the project, where we analyzed the development of platform work in the Nordic countries (Jesnes and Oppegaard, 2020). The empirical material draws on interviews with platform workers, platform companies, trade unions and employer organizations within cleaning, food delivery, transport and translation. In our material, there is a predominance of mediation of work requiring less competence, which also reflects our analysis. First, we review the scope of platform work, working conditions for platform workers, and social partner and government approaches to platform work in the Nordic countries. Thereafter, we explore the consequences of the COVID-19 pandemic for platform workers. Platform work emerged in the wake of the financial crisis of 2008, and the COVID-19 pandemic might accelerate the scope of platform work, or at least worsen pay and working conditions of platform workers.

### 4.1 The scope of platform work in the Nordic countries

While it is difficult to measure the amount of platform work in the Nordic countries, surveys indicate that it only constitutes a marginal share of the labour market. A Danish survey found that approximately one per cent of the working-age population earned money by working for digital platforms at least once in 2017 (Ilsøe and Madsen, 2017). The numbers from Finland and Norway from the same year show that 0.3- to 0.9 per cent and 0.5 to one per cent of the working-age population, respectively, earned money through platforms (Official Statistics of Finland, 2017, Urzi Brancati et al., 2019, Alsos et al., 2017). In Sweden, a survey from 2017 found that 2.5 per cent of the working-age population had worked for digital platforms, while 1.7 per cent either earned 50



per cent or more of their income from platform work or worked 20 hours or more per week for digital platforms (SOU 2017: 24). The definitions used in surveys vary, which might partly explain the differences seen.

Platform companies have emerged and established themselves in particular industries of the Nordic economies (Alsos et al., 2017; Jesnes, 2019; Jesnes et al., 2019). These industries include cleaning (Ilsøe and Jesnes, 2020), transport (Oppegaard, et al., 2020), food delivery (Ilsøe and Jesnes, 2020) and translation/editing (Rolandsson et al., 2020). These industries generally have low entry barriers, low formal qualification requirements, low unionization rates, and remuneration is low. Temporary work and self-employment as well as commission payment are relatively common and normalized within these industries (see Jesnes, 2019; Jesnes, et al., 2019; Jesnes and Oppegaard, 2020; Oppegaard, 2020a).

## 4.2 Working conditions and occupational health and safety for platform workers

For most workers, platform work represents a supplementary income (Ilsøe and Madsen, 2017). Many appreciate the flexibility of this type of work, but the flipside of flexibility is often instability and insecurity. Many work long and unpredictable days with low and uncertain earnings. The way platform companies organize their work, including formal work arrangements as well as the ways in which the platforms are used to coordinate and control the labour process, put pressure on pay and working conditions (Jesnes, 2019; Oppegaard, 2020a, b). In addition, the platform companies might change pay rates and terms quickly through the app, which might lead to worsened conditions without the possibility to voice concerns (Alsos et al., 2017; A4, 25.03.2021)

### Employees or self-employed?

One of the important issues for debate is the platform workers' form of employment (Jesnes and Rolandsson, 2020). Although some platform workers in the Nordic countries are classified as employees by the companies (Jesnes, 2019; Oppegaard, 2020a), the group is generally classified as self-employed and thus excluded from the rights and entitlements following an employment relationship (see Hotvedt, 2016; Hotvedt et al., 2020; Jesnes and Rolandsson, 2020). The question, however, is whether the realities of the working conditions on platforms, for example the workers' lack of real autonomy and the platform-based control through technology, indicate that the classification of platform workers as self-employed is a case of fictitious or "bogus" self-employment, and that they should be reclassified as employees (see Hotvedt, 2016; Prassl, 2018).

Uber is the most notorious example of a platform company, where self-employed drivers and passengers are matched through the Uber app. However, in February 2021 the UK Supreme Court ruled that Uber drivers are "workers". This is a British category in between employees and self-employed workers that gives the drivers access to minimum wage, sick pay and holiday pay. The ruling argues that Uber sets the rates and contractual terms and controls the drivers through ratings, cancellations, penalties etc. in such a way that the drivers do work for Uber and not for themselves (FT 21.02.2021). The case might have important implications for how the business model of Uber and similar companies are perceived throughout Europe, including the Nordic countries.<sup>13</sup>

### Occupational health and safety

The working environment challenges that arise from platform work are similar to those found in other non-standard forms of work. These include job insecurity, solitary work and isolation and risk of accidents (Alsos et al., 2017). There is also great variation within platform work, which entails varied working environment challenges as well (Ropponen et al., 2020). However, platform

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13. Uber BV and others (Appellants) v Aslam and others (Respondents), see <https://www.supremecourt.uk/cases/docs/uksc-2019-0029-judgment.pdf>

work also raises two specific challenges to occupational health and safety. First, unclear employer responsibilities make it unclear who is responsible for occupational health and safety (Tran and Sokas, 2017; Alsos et al., 2017). If the platform workers are employees, the platform is responsible for occupational health and safety. If the platform workers are self-employed, the responsibility lies with them, and the risk is that occupational health and safety are set aside. Second, platform workers might be exposed to constant digital surveillance and evaluation, which might be detrimental to the psychosocial working environment (Bérastégui, 2021).

### 4.3 Social partners' approaches to platform work

The organized labour market actors face considerable obstacles to regulating platform work through collective agreements. First, many platform workers are classified as self-employed by the platform companies and principally not covered by collective bargaining rights (see Chapter 6; Hotvedt et al., 2020). Second, platform workers are often recruited from segments of the labour markets that trade unions traditionally struggle to mobilize, such as migrants and young people. This is particularly the case in platform work requiring few formal qualifications. Still, there are nine examples of collective agreements that cover platform workers in the Nordic countries.<sup>14</sup>

Of these, two agreements are particularly interesting. First, the company-level agreement between Danish Hilfr and the United Federation of Workers in Denmark 3F from 2018 represents a new and flexible approach to collective agreements. The agreement diverges from other agreements in its rules for conflict resolution and free choice of status as an employee on the platform. In August 2020, the Danish Competition and Consumption Authority (DCCA) considered the agreement in breach of Danish competition law.<sup>15</sup> As a response to this, Hilfr removed the minimum wage for freelancers and adjusted its model for employees (Ilsøe and Jesnes, 2020). The agreement is currently under renegotiation and the effects of this for the workers remains to be seen. This case illustrates how collective agreements might be in conflict with competition law. Second, in 2019, Norwegian Foodora and the largest private sector union The United Federation of Trade Unions (Fellesforbundet) signed a company-level collective agreement after mediation at the National Mediator's Office and a five-week long strike. The couriers were employees on part-time contracts and covered by collective bargaining rights since Foodora entered the market in 2015. The agreement is particularly interesting because of its traditional design<sup>16</sup> and because it was well anchored among the workers (Ilsøe and Jesnes, 2020).<sup>17</sup> The agreement was renegotiated in November 2020, this time with Foodora also being a member of the employer organization Virke. Foodora started up with only bike couriers, 100 per cent of whom were on employee part-time contracts. With the rise of competitors leaning on self-employed workers, such as Wolt, Foodora currently has about 50 per cent of its couriers on employee contracts, while the rest are self-employed, and many drivers rather than bike couriers. Inspired by the Norwegian Foodora agreement, Foodora Sweden and Transport signed an agreement in February 2021.<sup>18</sup> These

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14. Platform workers in Chabber (waiting services), Instajobs (student jobs from finance to event planning), Gigstr (marketing, IT, sales etc.) and Meploy (logistics etc.) are covered by agreements for temporary agency work. Freelancers in Voocali are covered by an agreement between HK Privat and Voocali on minimum prices (Ilsøe, et al., 2020). Platform workers in Danish Hilfr (cleaning), Foodora Norway and Foodora Sweden (food delivery) are covered by collective agreements signed in 2018, 2019 and 2021 respectively. Also, an industry-level agreement for food delivery has been signed by 3F and Dansk Erhverv in Denmark. The agreement will come into force for the couriers in JustEat in late 2021. There are also currently negotiations going on between Wolt couriers and 3F in Denmark (DR, 2020).

15. The DCCA decided that the minimum prices set by Hilfr (and another similar platform, Happy Helper) for cleaning services inhibit the competition between service providers and the self-employed cleaners' right to determine their own prices. For the so-called Super-Hilfrs (employees), the DCCA argued that minimum prices can be maintained, given that Hilfr ensures that these are employees, in compliance with competition law (DCCA, 2020; for a discussion of this decision, see Countouris and De Stefano, 2020).

16. The agreement includes minimum wage rates, reimbursement for equipment, extra pay in wintertime and a collectively agreed early retirement pension. More importantly, the agreement gives the couriers the rights of negotiation, information and consultation.

17. In the new agreement the couriers obtained an improved seniority rate and a minimum wage guarantee

18. The collective agreement includes higher wage rates, an annual wage increase, supplements for equipment and clothing, pensions and insurance, routines and guidelines for how the parties are to cooperate. <https://frifagbevegelse.no/magasinet-for-fagorganiserte/endeleg-klart-svenske-foodorabod-har-fatt-tariffavtale-6.158.771478.60ccc10f81>

examples of collective agreements illustrate that it is possible, albeit difficult, to incorporate platform work into the institutional arrangements of the Nordic model.

Trade unions for professionals, cultural workers and journalists in the Nordic countries have over a longer period of time organized self-employed workers. When the option of collective agreements has not been possible, these unions have assisted their self-employed members with legal issues (contracts, IP rights etc.), offered a network, courses and conferences, insurance and other benefits, and worked politically to improve social security rights. This work seems to have intensified with the rise of platform work and self-employment in general (Røtnes et al., 2019).

#### **4.4 Government approaches: from a wait-and-see attitude to a more reactive approach?**

Despite a number of government-appointed committees investigating the “future of work”, the Nordic governments have generally applied a wait-and-see attitude to platform work. To date, there has been no new legislation enacted to protect workers from misclassification and poor working conditions, or to leveling the playing field between platform companies and traditional business models. In addition, there have been no court cases concerning platform workers’ employment status or collective rights (Jesnes et al., 2020).

One important exception from this general wait-and-see attitude is the taxi market deregulation in all Nordic countries over the last five years. Finland and Norway deregulated in 2018 and 2020 respectively, removing most barriers for taxi market entry. In Sweden, the taximeter requirement was removed in early 2021. Denmark removed the numerical restrictions on licenses in early 2018, but kept the taximeter and seat-sensor requirements. This meant that Uber could not operate using its preferred business model and left Denmark. In this way, the Nordic countries (except Denmark) have, at least to some extent, adjusted their taxi markets to Uber’s business model. This is the most obvious effect of the emergence of platform work on policy in the Nordics (Oppegaard et al., 2020a).

In 2021, we also see a few indications that the wait-and-see approach is changing to a more proactive approach. First, in October 2020, the Labour Council in Finland, an independent entity under the Ministry of Employment, issued an opinion stating that food couriers working for Foodora and Wolt should be considered employees. The opinion is non-binding. However, the Minister of Employment has expressed commitment to identifying any need for legal changes.<sup>19</sup> Second, the Swedish government launched a new working environment strategy for 2021–2025, which has the ambitious aim of ensuring a good working environment for new forms of work such as platform work (Regeringskansliet, 2021). The Swedish Work Environment Authority has also conducted a range of inspections of platform companies (Arbetsmiljöverket, 2021).

Along with a more proactive approach from the Nordic countries, there are also indications that the EU is considering broadening the protection for platform workers. The European Commission has launched an initiative, currently in the form of a public consultation, to make sure that EU competition law does not stand in the way of collective agreements for platform workers and other solo self-employed workers (European Commission, 2020a). In February, the EU also opened a consultation of European social partners on the need and direction of possible EU action to improve the working conditions of platform workers. This might result in an EU directive on platform work (European Commission, 2021).

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19. [https://yle.fi/uutiset/osasto/news/finnish\\_labour\\_council\\_says\\_takeaway\\_food\\_couriers\\_are\\_employees\\_not\\_entrepreneurs/11597660](https://yle.fi/uutiset/osasto/news/finnish_labour_council_says_takeaway_food_couriers_are_employees_not_entrepreneurs/11597660)

## 4.5 The COVID-19 pandemic and platform work

The effects of the COVID-19 pandemic on platform work in the Nordic countries differ significantly between the different industries in which the platforms operate. Some platforms have experienced a substantial increase in demand. This is particularly true for platforms providing home delivery services, such as Foodora and Wolt.<sup>20</sup> When restaurants closed or severely reduced capacity, platforms became an essential component of the food logistics network, for restaurants and customers alike. With restrictions on movement imposed or recommended in many countries, platforms that previously only delivered food, for example Foodora in Norway, also began delivering other goods in addition, such as regular groceries.

Online gig work, i.e. labour that is conducted online via digital labour platforms, such as Upwork, Amazon Mechanical Turk, and Freelancer, has followed the same development in the Nordic countries as in other European countries (Jesnes and Braesemann, 2019). Data on online labour in the Nordic countries from March to June 2020 show that the demand for online labour declined slowly from May 2020, without any large spikes or dips, following the Europe-wide trend. In July, online platform work reached a low point before it increased to the levels we saw before the crisis in November.<sup>21</sup>

Other platforms, however, experienced a substantial reduction in demand. Lockdowns and measures to ensure social distancing have left platform workers such as Uber drivers with a severely reduced income (Katta et al., 2020).<sup>22</sup> As platform workers are generally classified as self-employed or freelancers, they in principle lack social protections such as unemployment benefits and sick leave (Jesnes and Rolandsson, 2020). This means that the choices available for many platform workers are to either work and risk infection, or not work and not earn money. While we do not have reliable data on how platform workers in the Nordic countries have experienced the COVID-19 pandemic, one can assume that the pandemic has highlighted and intensified their precarious working conditions, the uncertainties and insecurities stemming from their form of employment, mode of remuneration and platform-based control mechanisms.

The pandemic and the lack of protection from its economic and infectious aspects has been the basis for conflicts emerging in the US platform economy, and both Instacart and Amazon workers arranged walkouts to protest their lack of personal protective equipment and sick pay (see Oppegard and Valestrand, 2020). In the Nordic countries, we have not yet seen any such actions.

The Nordic governments responded to the crisis among other measures by extending the social rights of self-employed workers and freelancers. In Denmark, these groups have been included in the unemployment benefits system since 2018, but faced with the COVID-19 crisis, their access was extended to 75 per cent of their expected income loss up to DKK 23,000 per month. In Finland, self-employed workers and freelancer were given access to unemployment benefits without having to shut down their business. The Norwegian government gave self-employed workers and freelancers access to an income loss compensation scheme, wherein they received 80 per cent of their average income over the last one or three years. This scheme was initially to end 1 November 2020, but was extended to the end of 2020, albeit with a compensation rate of 60 per cent of the average income (Dagsavisen, 5.10.2020).<sup>23</sup> In Sweden, self-employed workers were included in the public sick leave benefit system (see Jesnes et al., 2020). At present, we do not have data on the utilization of these

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20. <https://e24.no/naeringsliv/vQKV3j/COVID-19-hjemlevering-naa-har-vi-et-samfunnsansvar> 5 October 2020.

21. Data on online labour in the Nordic countries is available here: <http://oiiab.org/fabian/NOLI.html>. Fluctuations in demand for the different segments of the Nordic online labour market is currently unavailable, as is monthly data on the size and composition of the supply side.

22. The plummeting of demand for personal transport also hit the traditional taxi industry hard (Aarhaug et al., 2020).

23. The scheme was extended shortly after workers in the Norwegian culture industry arranged concerts and lit cultural institutions in red light – to signify the uncertain future the industry face. The protest was organized by the LO affiliated trade union Creo, see <https://frifagbevegelse.no/nyheter/rodt-fareniva-for-kulturnorge--regjeringen-avvikler-en-koronaordning-som-fungerer-mener-creo-6.158.733339.b6a33a8c14> 5

emergency measure among platform workers. While these schemes and extended social rights were not aimed primarily at platform workers, they might have been important for supporting many platform workers through the first six months of the pandemic. One remaining question is whether these measures are temporary, or if COVID-19 has induced a more permanent change broadening the access to social protection for self-employed workers and freelancers.

#### **4.6 Economic shocks might accelerate the use of platform work**

Finally, the economic consequences of the COVID-19 crisis (see Chapter 8) might affect the further development and growth of platform work in the Nordic countries. It was no coincidence that these forms of work emerged in the aftermath of the 2008 financial crisis when unemployment was very high in the US and other large economies. In the Nordic countries, one of the reasons for the relatively small size of the platform workforce and these business models' limited growth over the last five years is that workers generally are able to find better paid and more stable jobs in other segments of the labour market. The platform economy in the Nordic countries, as well as in other geographies (see van Doorn et al., 2020), primarily recruits labour power from already marginalized segments of the labour market (see Oppegaard, 2020a), the same people that are likely to be most affected by a recession. An economic crisis increasing unemployment in the Nordic countries might thus increase the platforms' labour supply and facilitate further growth for platform-based business models.

# Chapter 5

## The future of the Nordic psychosocial work environment: implications for occupational health<sup>24</sup>

Jan Olav Christensen

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In the Nordic countries, the general work environment is considered to be of high quality. Working life is characterized by high levels of democracy and trust (Gustavsen, 2007, 2011), reflective of labour and welfare regimes with a significant history of unionization, collective bargaining, and social partner cooperation (Dølvik and Steen, 2018). Job satisfaction and job security are generally high (Aagestad et al., 2017). This implies a scenario for the Nordic world of work with a dual potential – there are large potential losses, but if resources are appropriately managed, there is a solid basis for avoiding such losses. Combined with high job demands and participation in working life (Oinas et al., 2012), this should ensure a good starting point for a healthy, productive and sustainable development into the future. The maintenance and further promotion of existing strengths as well as actions to prevent or avoid emerging risks are crucial to this effort. This requires awareness and understanding of the role of working conditions and the work environment in contributing to occupational health and productivity.

Job and work environment characteristics are well known contributors to worker well-being, motivation and productivity. Previous research has established some factors as particularly influential to health, such as the content, pacing and amount of work, the degree of empowerment, autonomy and meaningfulness that workers experience in their work situation, and the duration and timing of work schedules. As societal changes influence the conditions of work, new work environment scenarios may emerge, and the significance of various established factors may fluctuate. For Pillar V of the NFoW project, two studies were conducted to elucidate putative consequences of contemporary and impending working life developments for the work environment and occupational health. Particular attention was devoted to psychosocial work characteristics, which may be considered the most general aspects of the work environment, as they are relevant to all workers in equal measure. The two studies conducted were: 1) a literature study summarizing the scientific knowledge pertaining specifically to the topic of technological development and its influence on the psychosocial work environment and occupational health, and 2) a survey of experts on the Nordic world of work to gather their viewpoints on particularly salient future opportunities and challenges for the Nordic work environments (a so-called Delphi study).

### 5.1 Summary of the literature study examining associations of new work technologies with work environment and health

The literature study summarized 53 empirical scientific studies published since 2000 that addressed consequences of novel technologies for the psychosocial work environment and occupational health. This narrative review uncovered six general categories to which these studies could be assigned: 1) the introduction of novel technologies, 2) "technostress", 3) information and communication technology (ICT) demands, 4) workplace "telepressure", 5) attitudes towards technology, and 6) technology-related harassment and incivility. These themes were not mutually exclusive, but served

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24. This chapter builds on Christensen et al., (2021).

as heuristics to organize the discussion. Thus, when discussing e.g. ICT demands, several of the relevant studies could also have been discussed under the heading of "technostress."

"Technostress" is a concept that has been developed specifically to describe work challenges caused by new technologies. It encompasses issues such as overload due to technological problems and difficulties, invasion of private life by technologies, or excessive complexity introduced to work execution. Technostress was observed in several studies to be associated with outcomes such as reduced work motivation, low job satisfaction and decreased psychological well-being (Ayyagari et al., 2011). Similar to technostress, but focusing more specifically on communication technology, "ICT demands" (e.g. email message load, availability expectations) were also seen to be associated with reduced worker well-being. However, the distinction between effects of the ICTs and the tasks they were involved in was often not clear.

Perhaps reflective of an "empowerment/enslavement paradox", some studies indicated adverse effects on both working conditions and health, while others highlighted mitigating factors and circumstances under which work technologies were beneficial. For instance, workplace telepressure – the preoccupation with and perceived pressure to respond to work-related messages (Barber and Santuzzi, 2015) – was in some studies found to be associated with increased employee autonomy (Arlinghaus and Nachreiner, 2014). Another study reported that for workers with a high degree of social interaction in the work role, work exhaustion was less likely after introduction of a part time telework practice (Windeler et al., 2017).

Generally, several studies suggested that employee autonomy was one factor that may be either reduced or enhanced by new work technologies. As autonomy is a well-established protective factor, it may thus be key to the active management of consequences of new technologies.

Studies that examined technology-related harassment and incivility observed that virtual harassment was more frequent than face-to-face harassment, and that the two types frequently coincided. Although the evidence is scarce, such results suggest that by enabling harassment and incivility to be perpetrated in virtual environments, technologies may contribute to exacerbating the overall problem.

## **5.2 Summary of the Delphi study: Future opportunities and challenges for Nordic work environments**

The overarching question of the Delphi study was which challenges and opportunities the participating experts believed would be particularly important for the Nordic work environment in the coming 10–15 years. Views on this were gathered by questionnaire from 52 experts in Norway and Denmark, comprising representatives from the social partners, labour inspection authorities, consultants, researchers and occupational health professionals. The views of these experts were then transformed into statements, carefully preserving all notions that were contained within the originally submitted material. All these statements were sent out to all the experts so they could rate them in terms of agreement.

The findings were structured according to the drivers of change previously highlighted in the Pillar I report from the project: 1) technological development, 2) demographical development, 3) globalization, and 4) climate change (Dølvik and Steen, 2018). In addition, based on the content of the submitted views, we included the themes 5) changing skills/competences, and 6) political, social and cultural developments. A broad category of 7) "other statements" was also included, comprising views that were either not relevant to the other categories or relevant to several of them.

With regard to technological development, the experts agreed that automation and robotization will be important. They seemed less in agreement, however, about the potential consequences of



this for the work environment. Consistent with the results of the literature study, there were several statements referring to both positive and negative potential consequences.

Statements regarding demographical change were mainly concerned with the ageing population and increased diversity due to immigration. Once again, there was general agreement regarding the significance of these developments, but less consensus regarding the extent to which they will represent opportunities or challenges, although agreement was quite high for most statements.

Statements about globalization focused on culture and language, competition and productivity, and the geographical borderlessness of work. The experts generally agreed that these developments must be considered important, and that for workers they will be associated with both considerable opportunities (e.g. larger and more open labour markets imply increased employment opportunities) and challenges (e.g. at the same time increased competition).

Relatively few statements pertained to the natural environment, but these statements seemed to reflect a general optimism about new opportunities arising. Necessary adjustments to changing environmental demands will drive innovation, and new types of industries will present new opportunities for employment and economic activity.

A large number of statements pertained to various aspects of skills. There was high agreement that many developmental trends – particularly those pertaining to technology – will necessitate upskilling to ensure appropriate skills and competence. This will represent both an opportunity and challenge for employers and employees. Generally, the experts seemed optimistic about the opportunities to maintain and build skills and competence in the future.

Statements pertaining to political, social and cultural development trends addressed issues of diversity and legislation. While agreement was generally high here too, relatively high levels of disagreement were observed for statements regarding legislation and control (“Working conditions will to a lesser extent be regulated and controlled”, “Legislation and regulations will be more complex”), gender issues (“There will be an increased awareness of gender differences in the significance of the work environment”) and social security (“More workers will experience a lack of social security at work (e.g. entitlement to parental leave, vacation, sick pay, etc.)”). High levels of agreement were observed for statements suggesting that gender and cultural diversity, and consequently the focus on such topics, will increase significantly in the coming years.

Finally, the broad group of “other statements” addressed a variety of subjects. Many of these statements highlighted challenges, such as looser attachment to the labour market and increased pressure on the psychosocial work environment. Agreement was high for such statements. However, there were also more optimistic statements, such as those suggesting that the psychosocial work environment would be prioritized to a higher extent by companies and seen as a competitive advantage to attract workers with the desired competence and prevent turnover.

### 5.3 General insights derived from the studies

In the following, some general reflections are presented based on the empirical studies conducted as part of Pillar V of the project (see Christensen et al., 2020, 2021).

#### **1. *There is no obvious preponderance of optimistic or pessimistic views and expectations of how work environments will evolve in the future.***

Taken together, the studies did not suggest any specific direction of effects of contemporary developments on work environment and occupational health, and hence no dominant pessimistic or optimistic take on the future. On the other hand, one could say that this is cause for optimism, as it implies a great potential for active management of potential outcomes of contemporary

developments. Current actions with respect to management of modifiable risk and protective work characteristics may determine whether the future scenario is one that is sustainable and productive. This highlights the urgency of acquiring more knowledge to inform knowledge-based policies. Any new development in the work environment field should be met with a basic understanding of how it influences workers' experience of job demands, job autonomy, empowerment, trust, and other issues raised in the current report.

## **2. *"Traditional" psychosocial work factors will still be relevant, but many of them in new guises.***

When discussing work environment characteristics, the definition of "new" may be less straightforward than it appears. For instance, while certain technologies (or perhaps, more often, novel combinations of existing technologies), demographic patterns or employment forms are "new" in the sense that they have existed for a relatively short period in a historical perspective, the reactions of individuals and society may often be described in terms of well-established theories and notions. This is clear when considering such concepts as "workplace telepressure" and "technostress", which are clearly specific facets of the already established notion of "job demands". That is, they simply describe ways in which work can be demanding, albeit in specific ways that seem more relevant now than perhaps ever before. Hence, "psychological job demands", which have been a focal point of the understanding of relationships between the psychosocial work environment and occupational health for many decades, will continue to play a significant role, but presumably in new and changing forms.

## **3. *Worker autonomy seems to be a key factor in all scenarios of the future (pessimistic as well as optimistic).***

The experience of being in control of one's own situation, i.e. to have the opportunity to choose between options that play a significant part in shaping one's future, is an essential element of freedom, and a basic psychological need (Ryan and Deci, 2017). In a work context, the concept of job control (also known as job decision latitude (Karasek, 1979)), has been and continues to be pivotal in explaining the connection between work environment and occupational health. Many new developments will potentially facilitate worker autonomy and provide freedom to decide when and how to perform work tasks. On the other hand, these developments may imply altered expectations and norms about when and where one is "at work", which may contribute to increased work pressure. Furthermore, many technologies have the potential to control work tasks in such a way that workers are less in control. In line with the "empowerment-enslavement" paradox, new technologies have the capacity to aid and empower individuals while simultaneously forcing them to work or act in certain ways. For instance, mobile devices can bring work into the home, and family into the workplace. While this may provide workers with flexibility to balance work and private life, it may also demand flexibility from workers in terms of availability outside regular work hours. The difference between the two may be inextricably bound to the degree of autonomy and empowerment the worker experiences.

## **4. *Keeping points 1–3 above in mind, some factors of relevance to work environment and health deserve special mention.***

Fig. 5.1 provides a conceptual overview of some factors and concerns that emerged from the current studies. While this list is not exhaustive, and the factors overlap and interact substantially, it should serve as a useful reminder of some of the most salient challenges that need to be considered when managing psychosocial working conditions during the coming decades. The figure separates challenges, or job demands, on the one hand from factors that can be readily seen as challenges but also as opportunities, or job resources, on the other hand. Importantly, the latter type of factor may be a challenge if diminished (such as autonomy) and a resource if enhanced and managed appropriately. For instance, high learning demands can be positive when combined with autonomy and other necessary resources, allowing the demands to result in mastery, enhanced self-esteem and actual learning. If, however, high learning demands are not combined with resources to meet those demands, they may be counterproductive.

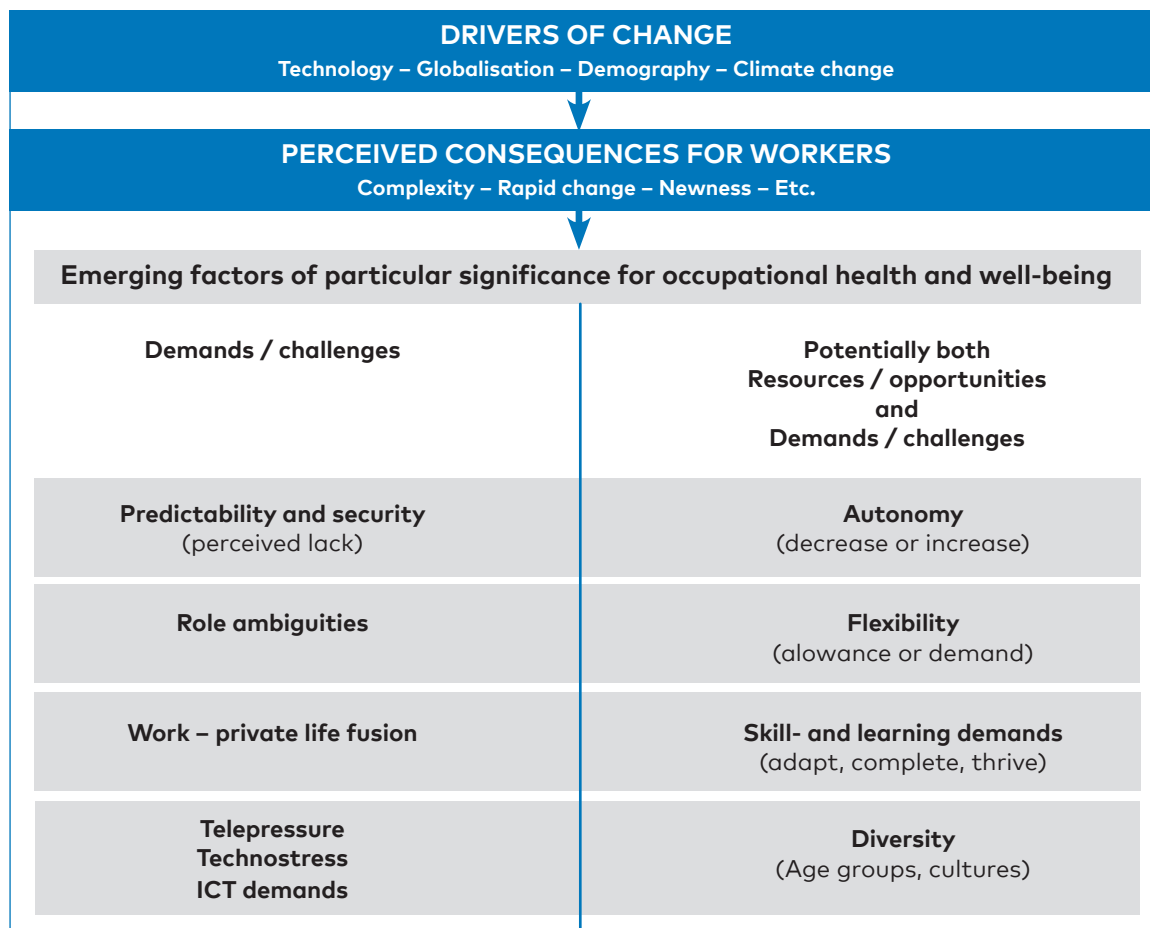


Fig. 5.1 Factors of particular relevance to the future of work environment, derived from the studies of Pillar V of the Nordic Future of Work Project

## 5.4 Implications of the pandemic crisis of 2020 for the work environment

In 2020, the final year of the current project, the COVID-19 pandemic abruptly changed the global world of work. Most of the above mentioned factors of relevance to the future work environment should be relevant irrespective of the pandemic and its prospective course, although the relative significance of different factors and their specific development may of course be different than expected. One particularly salient development during 2020 has been the large-scale implementation of arrangements for working from home (WFH). During early 2020, 50–60 per cent of workers in Norway, Finland, Denmark, and Sweden commenced technology-assisted telework (Eurofound, 2020; Nergaard, 2020). Most of this home-based work was not voluntary. Furthermore, an Icelandic survey showed that the share of university graduates working from home had increased from 16 to 74 per cent during the pandemic.<sup>25</sup> Hence, in a manner of speaking, the Nordic work environment shifted location virtually overnight. Concurrently, in Norway, a two- to threefold increase in the prevalence of clinical depression and anxiety was observed (Ebrahimi et al., 2020). While this association is not likely due to changes in working conditions alone, social isolation and loss of autonomy are factors that have been proposed as contributing (Ebrahimi et al., 2020), perhaps particularly for individuals already at risk. The delocalization of work is a topic that has become increasingly relevant with digitalization, as evidenced by the current literature study. It was also frequently brought up by participants of the Delphi study. Hence, the pandemic has swiftly catalysed and amplified trends already evident in the world of work and shed light on some of the general dynamics that bring about the "future of work."

25. <https://www.bhm.is/frettir/vilja-ad-rettur-til-fjarvinnu-verdi-tryggdur-i-kjarasamningum>

It seems plausible that many businesses will now reconsider the ways in which work can be organized and many may make permanent changes beyond the pandemic. Prior to the COVID-19 pandemic, remote work has been individualized and rarely practiced over sustained periods of time. Therefore, prior knowledge of the effects of remote work on employees is very limited. The putative increase of remote work during and most likely also after the pandemic necessitates more knowledge on the subject, as the consequences for occupational health are not yet apparent. Little is known about effects over time, and little can be generalized from the current situation until it stabilizes into a "new normal". While the instatement of regulations such as restricting access to workplaces for employees usually entails a loss of autonomy, one can envisage that a systematic large-scale shift towards remote working could in fact entail greater levels of autonomy for many workers. However, the current literature review suggests that this will depend on the context as well as ways in which such arrangements are implemented and managed. For instance, research has shown that technology-assisted job demands outside of working hours (off-TAJDs) can be associated with work-family conflict for some employees and work-family enrichment for others (Ghislieri et al., 2017). While working from home may be associated with increased freedom for many, it seems reasonable to suspect that it can also entail considerable aversive consequences, such as loss of social contact and support as well as decreased autonomy. This could in turn affect motivation, productivity, health and well-being. Hence, there seems to be little to lose and much to gain from implementing and managing new ways of working grounded in basic knowledge and awareness of the possible repercussions they may have for workers in the long term.

Another significant aspect of the pandemic, which has had quite different impacts for different types of work, is the impact on security and predictability. The extent and duration of consequences depend on how long it takes to develop medical treatments and vaccines, and on the extent and duration of measures to limit the spread of the virus. These time frames are mostly unknown, but it seems clear that the pandemic will result in long-lasting working life changes. The severity and duration of decline in general economic activity remains unknown, but demands and markets for many services and products may change. Extensive restrictions on travel and trade have caused problems for certain industries, such as air traffic, hotels, restaurants, tourism, etc., which may experience reduced activity for years to come. Hence, increased performance demands, furloughs, downsizing, and bankruptcies in the wake of these challenges may contribute to considerable job insecurity and requirements for workers to adjust and change their skill sets, which may contribute to health problems and labour market exit, particularly for individuals already at risk. The current report has highlighted the potential of rapid change and newness to exacerbate uncertainty and feelings of insecurity. Surely, the pandemic crisis has not diminished these concerns for the future.

In conclusion, a number of circumstances linked to the current pandemic, including but not limited to the ones mentioned here, may affect the individual employee's experience of work. Changes implemented by employers may alter pull and push factors for work participation – that is, the motivation or capacity to remain vocationally active may be affected. It seems reasonable to expect that impending changes for some employees may increase motivation to work while others may be forced into early retirement or disability pension. The extent to which this will happen most likely depends on specific policy responses to the pandemic, how they are implemented (e.g. with or without a basic awareness of the potential impact on occupational health), and finally, how lasting these changes turn out to be for society, individual organizations and individual workers. While some have reported that the work environment has been neglected during the current crisis, an important question is what will become of preventive work environment efforts in the future. While in the acute phase of the pandemic it may have been considered less important than the virus, the Delphi participants seem to predict that more priority will be assigned to the work environment in the future.

# Chapter 6

## Is Nordic labour law fit to meet future challenges?

Marianne Jenum Hotvedt and Kristin Alsos <sup>26</sup>

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The Nordic systems of labour law build on a binary divide between employees and the self-employed. The contract of employment is the main object of labour law, while contracts for independent work mainly fall under general contract law. The legal concepts of employee and employer are therefore the building blocks of labour law. If future labour relations make it difficult to apply these concepts, it will blur the binary divide and potentially erode the foundation of labour law. This may affect the scope of application and undermine the effectiveness of the legal regulation of the labour market.

The question of whether labour law is fit to meet future challenges is first and foremost related to non-standard work, including self-employment, independent work and new forms of flexible contracts.<sup>27</sup> Platform work (work mediated by online platforms) is a new type of labour relation that combines several of the challenges of non-standard work.<sup>28</sup> This type of relation serves as a good example, where future challenges can be explored. Is there a need to adapt Nordic labour law to the labour relations of the future, and if so, how could this be done while at the same time maintaining its purpose and societal function?<sup>29</sup>

Due to the key function of collective agreements in the Nordic labour market model, future challenges must be explored not only in relation to statutory regulation, but also to the effectiveness of collective agreements as a regulatory tool. Collective agreements are legally binding for organizations and their members, and have a normative (regulatory) effect in individual employment relationships in all the Nordic countries. In addition, the collective agreements have – somewhat varying – indirect legal effects. For example, some Nordic countries have statutory mechanisms for the general application of collectively agreed provisions on pay etc. There are also some variations in the interplay between collective agreements and statutory regulations: while none of the countries have a statutory minimum wage, terms of employment are to a larger extent regulated by collective agreements in Denmark and Sweden than in Finland, Norway and Iceland.

### 6.1 Adaptability and inclusiveness of the key concepts of labour law

The key concepts in labour law to which rights and obligations are linked are "employee" and "employer." One question is whether these concepts are applicable and/or adaptable enough to encapsulate/handle more diversified labour relations in the future.<sup>30</sup> If not, a growing share of workers and employment relationships could be subject to unclear legal status or even fall outside the scope of labour law. Lack of adaptability and inclusiveness can therefore be viewed as weaknesses or "cracks" in the labour law systems.

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26. The team of researchers in Pillar VI consisted of: Natalie Videbæk Munkholm (University of Aarhus), Annamaria Westregard (University of Lund), Marjo Ylhäinen (University of Eastern Finland), Dagný Aradóttir Pind (BSRB), Marianne Jenum Hotvedt (University of Oslo) and Kristin Alsos (Fafo). The final report is published as Hotvedt et al. (2020).

27. On the prevalence of non-standard work, this study builds on the work in Pillar III, see Ilsøe and Larsen (eds), 2021.

28. On the understanding of platform work, this study builds on the work in Pillar IV, see Jesnes and Oppegaard (eds), 2020.

29. On the design of this study, see Hotvedt and Munkholm (2019).

30. The comparative analysis of the key concepts in Hotvedt et al. (2020) p. 27–77 is based on discussions of national law in the five Nordic countries, see Part 1 Country reports, available at: <https://www.fafo.no/pillar-vi>

Several characteristics of non-standard work in general make it difficult to apply these concepts. It blurs both the personal scope of labour law and the allocation of responsibility, and may undermine the legal predictability. Platform work combines several of these characteristics and thus represents a particularly difficult challenge. The first concept under scrutiny is that of "employee". This concept has an inherent adaptability in all the Nordic countries. Definitions in legislation are phrased in general and rather vague terms. Defining the concept in more detail is mainly left to the courts, which make overall assessments on a case-by-case basis, based on a range of criteria or indicators. The substantive facts of the case – the realities – are generally the determining factor due to the mandatory and protective nature of labour law standards. However, the degree of adaptability varies between the different countries. Case law indicates that the substantive facts are given more weight in Norway than in Sweden, Denmark and Finland. While the Swedish, Danish, Norwegian and Icelandic concepts can be regarded as broad, inclusive and/or purposive, the Finnish concept appears to be more rigid.

Second, the concept of "employer" mainly refers to the contractual employer and has no clear or general adaptability when faced with changing labour relations in any of the Nordic countries. When identifying the contractual employer, all jurisdictions rely on general principles of contract (and corporate) law, and thus emphasize formal contractual arrangements and corporate structures. Conceptual nuances and functional approaches nevertheless provide some degree of adaptability. Here too, the degree of adaptability varies between the Nordic countries. There are some differences in how the contractual employer is identified, and the legal basis for extending employer responsibility to other work relations varies. Overall, the analysis suggests that the concept of employer is more adaptable in Denmark and Norway than in Sweden, Finland and Iceland.

When comparing the two key concepts, the overall impression is that the concept of employee is more adaptable than the concept of employer in all countries. Thus, the legal framework seems better equipped to adapt to emerging labour relations that blur the personal scope of labour law than to those that obscure the allocation of employer responsibilities.

To shed further light on the adaptability of the legal framework, we investigate specific responses in national law to different types of non-standard work. This includes part-time work, fixed-term work, temporary agency work and platform work. Our analysis shows that the Nordic labour law frameworks generally encompass non-standard work. Part-time, fixed-term and temporary agency work are recognized as constituting a contract of employment in all the Nordic countries. Even very fragmented or marginal contracts of work are considered to be contracts of employment. Furthermore, instances of new labour relations, like platform work, may very well be regarded as constituting a contract of employment, depending on a case-by-case assessment. This supports the conclusion that the key concepts in the Nordic countries are relatively inclusive and adaptable.

However, there are certain weaknesses. The legal classification of labour relations found in the grey area between employee and self-employed is often unclear and hard to predict. As an overall assessment is necessary and will ultimately have to be decided by the courts, the legal classification typically lags behind the developments in the labour market, potentially creating unpredictable situations. There are also some indications that the legal classification can turn out differently in the Nordic countries, despite the similarities in the concepts.

## 6.2 Legal implications of an unclear employment status

How will key elements of labour law and welfare protection in the Nordic model apply to workers in the grey area between employee and self-employed? Or, put in another way: What is at stake in the future if an increasing number of workers cannot be easily categorized under either side of the binary divide?<sup>31</sup>

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31. The comparative analysis of the legal implications of an unclear employment status in Hotvedt et al. (2020) pp. 77–146 is based on discussions of national law in the five Nordic countries, see Part 2 Country reports, available at: <https://www.faf.no/pillar-vi>

To answer these questions, a typology of three types of workers is used: traditional employees, genuinely self-employed, and platform workers, the latter of which is a typical example of workers with an unclear employment status. The legal protection of (typical) platform workers is compared to that of the other two in three areas: (1) access to collective bargaining, (2) regulations protecting health and safety, and (3) benefits ensuring income when out of work. These three sets of legal norms represent key elements of labour law and welfare protection and underpin important characteristics of the Nordic labour market models.

The collective bargaining mechanisms in the Nordic countries are based on the binary divide: traditional employees have undisputed access, while the genuinely self-employed are excluded. However, this binary divide is neither absolute nor clear. Particularly in Sweden, but also in Denmark, the social partners have a certain leeway to include workers with an unclear employment status in collective bargaining.<sup>32</sup> EU/EEA law allows for both traditional employees and the "false" self-employed to be exempt from competition law and covered by collective bargaining. Legal insecurity regarding who can be considered "false" self-employed can represent a potential for allowing wider access to collective bargaining in national law. Therefore, as long as the workers are not genuinely self-employed, it can be argued that workers with an unclear employment status should have the same access to collective bargaining as traditional employees (Hotvedt, 2020).<sup>33</sup> Workers with an unclear status can be members of a trade union that can pursue their interests in this regard. Membership criteria may, however, be a barrier to joining some organizations. Nonetheless, there are examples of bargaining efforts, industrial action and concluded agreements for platform workers, which illustrate the potential for collective bargaining beyond traditional employment relations.

Turning to legal protection of health and safety, only workers who are recognised as employees are covered by clear and broad legal protection. Unclear status and legal uncertainty are therefore obstacles to effective protection. Workers are covered by some degree of health and safety protection in all countries regardless of employment status, but the scope and level of protection vary considerably. Protection of health and safety at work applies more broadly than the limits on working hours and paid annual leave. Even if the workers are recognised as employees, there are gaps in the legal protection, particularly in relation to the limits on working hours, where exemptions often apply to workers who can determine their own working hours. The fact that workers are covered by some protective standards regardless of employment status indicates that the protective rationale for the health and safety of workers transcends the binary divide.

Lastly, social security benefits providing income protection when out of work might not be accessible for workers with an unclear status. This includes benefits related to unemployment, sickness and injury, parental leave and retirement. The Nordic welfare and social security systems are generally based on the categorization of workers as either self-employed or employees, and are thus based on the binary divide. However, many of the benefits are available for both employees and the self-employed. Therefore, the divide does not have the same delimiting function in the field of social security law as in labour law. Nevertheless, the criteria for eligibility and the principles applied in the calculation of benefits are often differentiated for the two categories. Workers with an unclear employment status are at a greater risk of not meeting the requirements to qualify for benefits than traditional employees and the genuinely self-employed.<sup>34</sup> This risk mainly stems from the fact that income and work activity requirements for the various benefits are hard to meet for workers doing occasional work. Their legal protection is therefore inferior to the protection of both

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32. Further on the scope of the collective bargaining mechanisms in Sweden and Denmark, see Westregård (2017); Munkholm & Schjøler, (2018).

33. A similar argument may apply to the personal scope of the various mechanisms for extending collectively agreed provisions of pay etc.

34. See Chapter 3; Ilsøe and Larsen (eds.), 2021.



employees in traditional employment and the genuinely self-employed with regular and planned work activity.

Furthermore, access to important additional rights and insurance schemes, e.g. in collective agreements, depends on being recognized as employees.

### **6.3 Opportunities for legal development and reform**

The strengths we have pointed out in the Nordic labour law systems serve as a basis to build on. As regards the issue of the unclear employment status of workers, there are a number of promising possibilities for resolving unclear issues, improving predictability and ensuring that workers in new forms of dependent labour relationships are covered by labour law. There are also possibilities for developing a more consistent and clear approach to allocating employer responsibilities in the future. The identified gaps in the legal protection of workers with an unclear employment status can be remedied. While both legislators, social partners and the courts can take action to solve the problems discussed, the future of Nordic labour law is essentially a political issue. Whether or not the values and protective rationales established in the Nordic systems will be preserved depends on future policy-making.

### **6.4 Labour law in the aftermath of the COVID-19 outbreak**

At the moment there is no indication that the COVID-19 outbreak will permanently change labour law regulations. Some of the countries have amended substantial law following the outbreak, for instance extended or improved social security schemes for employees and self-employed workers. It is too early to tell whether these changes are permanent or will be removed as soon as the economy recovers. However, the economic downturn has clearly shown how vulnerable solo self-employed workers are in a situation where income disappears overnight, especially where they work occasionally and might not qualify for benefits.

As regards the basic concepts of labour law, the binary divide between employees and self-employed, it is hard to see any direct impacts of the COVID-19 crisis. There have not been any developments in this area following from the outbreak. Whether this will still be the case in a few years' time will probably depend on the actual development in the labour market.<sup>35</sup> Lawmakers and other regulators are more likely to react on evolving developments if they are widespread, and courts need to have a case put before it in order to be able to clarify blurred lines. Legal developments are therefore likely to depend on whether the COVID-19 outbreak will lead to more workers entering this grey area.

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35. See Chapter 2 and Rolandsson et al., (2020).

**PART III**  
**Overarching discussions and**  
**conclusions**

# Introduction

Jon Erik Dolvik and Kristin Alsos

The future is unknown and unpredictable, and subject to influence and choice by human actors. The future is open, but in no way a blank slate. Our options are constrained and shaped by inherited means and conditions – economically, socially, and environmentally. The way ahead is thus structured by the past and present realities on which the future of work (FoW) is built, through successive, interdependent actor choices and struggles. Therefore, the FoW is not a fixed destination, but entails a wide matrix of opportunities and constraints, where different actor groups' pursuit of alternative aims and strategies will incite conflict, contestation, compromises and hard political choices.

Social scientists have no better ability to predict the future than others. What social scientists can add to the FoW debate is mainly a broader understanding of the factors contributing to change and continuity in working life today and in the recent past – including the political and institutional tools societal actors can use to influence the course of evolution. Linking such analyses with insight in emerging drivers of change, the Nordic FoW project has aimed to raise public awareness of the extent to which change in working life is influenced by political choices, or non-decisions, and point to the opportunities, challenges, and dilemmas that are likely to arise underway. A part of this has also been addressing myths and exaggerations about the FoW, marked by strong traits of technological, market-driven determinism supposed to bring accelerating disruption of work as we used to know it. Many of us have probably been scared by the tabloid stories about the crowds of freelancers struggling to keep afloat in the brave new world of work run by faceless robots, algorithms, and global tech-giants. Certainly, such forces are in operation, but there are many countervailing powers pulling in other directions. Changes to working life tend to be incremental and evolutionary, marked by continuity and path-dependent institutional diversity. Such gradual changes might be harder to observe, as also our notion of normality is likely to change. Besides strengthening the Nordic knowledge base, we hope that the empirically grounded reports summarized above can enrich the dialogue among politicians, social partners and other stakeholders about how the Nordic models can be made ready for the future of work.

The project's analytical framework and perspectives, the main traits of the Nordic model, and the time horizon of our studies (15–20 years) were outlined in Chapter 1. Focusing on the impact of the global megatrends, we also scrutinized the present vantage point: Internationally, the Nordic model

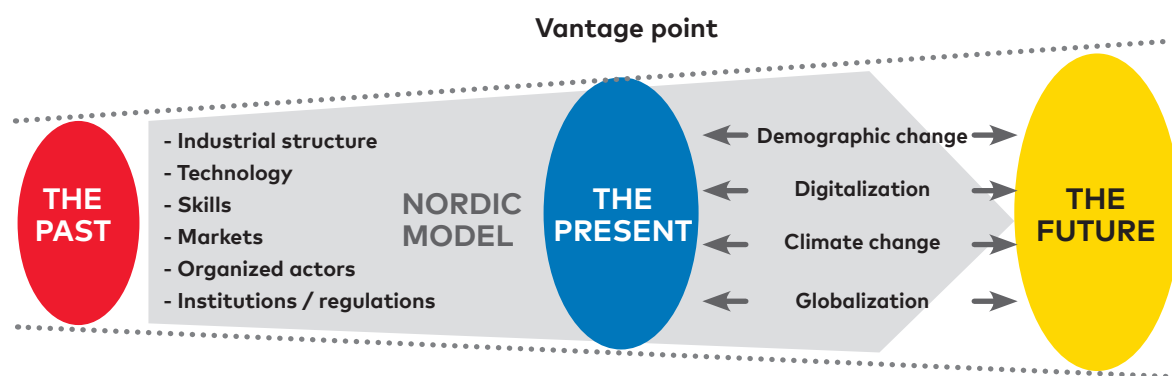


Fig. III.1 Analytical framework and perspectives.

is a success story, not least for its ability to combine efficiency and equity. But there are also cracks and unresolved problems, for instance related to exclusion and inclusion in working life, especially of ethnic minorities, coupled with rising inequalities, low wage competition, and signs of erosion of collective institutions in parts of the labour market.

### **Main challenges of global megatrends for Nordic economies**

**Demography:** Increasing age dependency ratios, urbanization, and reinforced competition to attract migrant European labour will bring more shortages of labour and skills and heighten pressures for third-country labour import.

**Digitalization:** Transforming the ways we work, organize work, skill requirements, and work environments, digitalization will both eliminate jobs and create new jobs as well as new sources of work strain and skill mismatches.

**Globalization:** Rising geopolitical rivalries and protectionism represent a threat of special concern to the small, open Nordic economies, which are dependent on predictable, multilateral rules for international economic exchange and cooperation to halt global warming.

**Climate change:** Efforts to counter and adapt to climate change require renewal of infrastructure, energy systems and patterns of production, work, and communication, demanding new skills and more shifts of jobs, occupations, and residence.

The ability to weather the effects of the megatrends and seize the opportunities they offer depends crucially on the perceptions and strategic responses of societal actor groups and coalitions. As these are filtered and shaped by societal actors' institutional resources and political context, the future of work will differ across countries, regions, industries, and social groups. It is worth bearing in mind that the Nordic models are genuine products of crisis construed to share risk and handle change. In recent years they have confirmed their ability to ride off and recover from a row of tumultuous upheavals, suffice to mention two severe financial crises (1990s and 2008), entering the EU/EEA regime, the rise of China as the world factory, EU eastward enlargement in 2004/2008, and huge immigration waves. The Nordic economies have thus been early movers in adjusting to global change. With solid public households, low public debt, and solid skill bases, they are probably better prepared for forthcoming changes than most other comparable economies. It is therefore no coincidence that international experts single out the Nordics among the potential winners of digitalization (Arntz et al., 2016; Bughin et al., 2017; European Commission, 2020c), even with prospects of positive job effects. The same can be said in retrospect about globalization, basically due to the Nordics' advanced business communities and ample supply of social and human capital provided by their strong institutions.

In the Part II we summarized the main findings from the five thematic pillars. This final Part III aims to tie the main findings together and discuss how the long-term megatrends, in interaction with the COVID-19 crisis, may affect the Nordic models, and, vice versa, how the Nordic models can be renewed and made fit for developing a FoW marked by Nordic aims and values.

We will do this by discussing three questions:

1. What are the prospects and preconditions for creating sufficient job growth in the future to maintain high employment rates and thereby secure the sustainability of the welfare state, and how can the Nordic countries muster the labour and skills needed to get these jobs done?
2. How are the structure of jobs, the ways of working, and the organization of work likely to change?
3. What are the threats to the quality of work in the future, and is there a need for Nordic countries to adjust their regulation of work and their systems of social security, to boost efficiency and reverse the trend towards growing inequality?

The consequences of the COVID-19 crisis will impinge on several of these questions. The ability to master the long-term challenges arising from the changing future of work will therefore rely critically on how the Nordic countries handle and overcome the consequences for working life of the COVID-19 crisis in the short and medium term. Thus, following a discussion of these three questions in Chapter 7, we will, in Chapter 8, share some preliminary, tentative reflections about how the pandemic will affect the global megatrends and the Nordic labour markets, before we address future prospects for the Nordic model in the final Chapter 9.

# Chapter 7

## The future of work in the Nordics: discussion

Kristin Alsos and Jon Erik Dølvik

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### 7.1 The challenge of sustaining high employment rates

An overarching question in the FoW debate has been how the megatrends will influence employment in the future. In this vein, the debate has been dominated by two contradictory narratives: the first is the lack-of-work threat driven by the digital technologies' heralded mass-destruction of jobs (McAfee and Brynjulfsson, 2017; Ford, 2013; Frey and Osborne, 2017); the inverse, second, narrative is the lack-of-labour threat driven by population ageing (Barnow et al., 2013). In the Nordic context, a further overriding aspect is that the labour market and welfare models are premised on a strong work ethos. Reliant on high employment rates, all are supposed to contribute to the collective good by working and paying taxes to fund the public services and income transfers required when we are in need or unable to work. In this respect, the two threat narratives represent a double, perhaps existential, challenge to the Nordic models.

#### Will there be lack of labour?

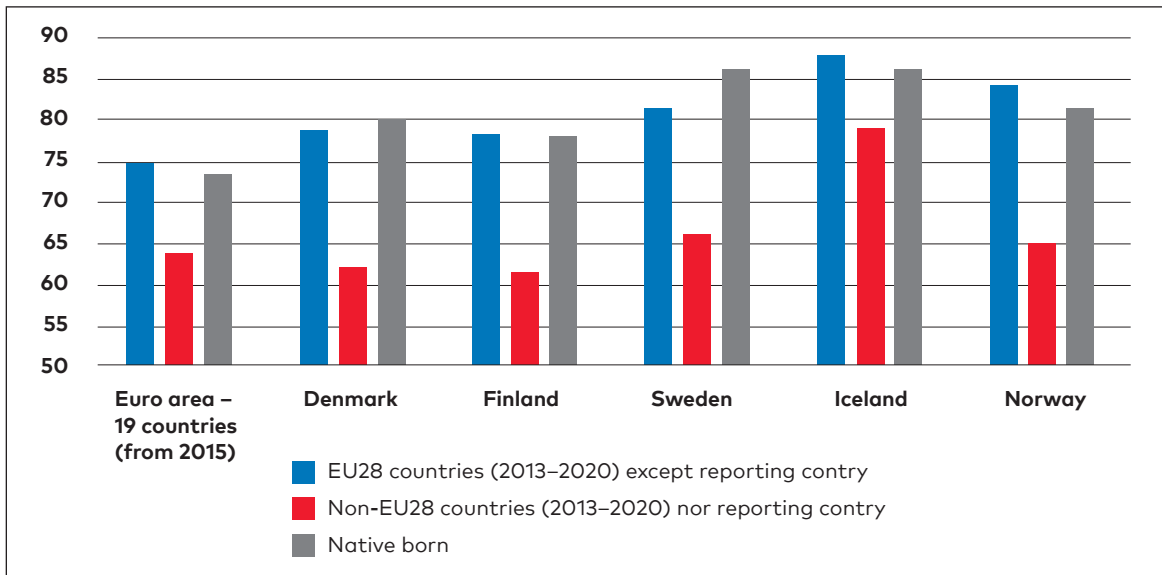
The lack-of-labour threat has both a quantitative and a qualitative dimension (Adams et al., 2000; Zimmer, 2012; Reymen et al., 2015). Concerning the prospect of quantitative labour shortage, where labour supply is smaller than labour demand, it is often rightly referred that the effects of ageing will be somewhat milder in most Nordic instances. However, the Nordics, except Iceland, will also face strong stagnation in the national working age populations (15–64) the coming decades, with declining fertility rates in all countries. In 2019, the Finnish fertility rate was 1.35 and far below the Euro area, while the Norwegian rate was just around 1.5 and the rest between 1.70 and 1.74.<sup>36</sup> Stagnation will be most pronounced in northern and eastern regions of Finland where the working-age population will decline substantially (European Commission, 2020b). Denmark will hardly see any growth in working-age populations, and Sweden and Norway will also experience very low growth (approx. 0.2 per cent average annual increase until 2040). After 60 years of strong workforce expansion, this implies a radical shift in the basis for growth in economic activity, employment, and welfare funding. Intensified trans-border competition for labour due to sharp workforce decline in Eastern and Continental Europe may add to this, and may make EU labour costlier and harder to attract. This might curb low-wage competition but strengthen conflicts over third-country labour import. The lack-of-labour challenge will probably prove hardest in rural areas with skewed age profiles, where the prospects of population growth are below the national average. While hopes for teleworking to counteract the trends of urbanization have been raised (NRK 12.02.2021)<sup>37</sup>, this can at best be expected to resolve a minor part of the problem, as many jobs still demand physical presence. Combined with increasing skill demands in many industries, labour and skill shortages are therefore likely to amplify – typically in elderly care, construction, ICT and other industries reliant on digital skills – engendering qualitative labour shortages as well.

At the same time there is potential for raising employment rates of certain groups. First, looking at employment rates of the third country immigrant population (Fig. 7.1), the unutilized potential is obvious in all countries, maybe with Iceland as an exception. Encouraging further non-EU immigration as a means to meet labour shortages and bolster welfare state sustainability in the future will, as shown in this project, be reliant on the ability to increase these rates.

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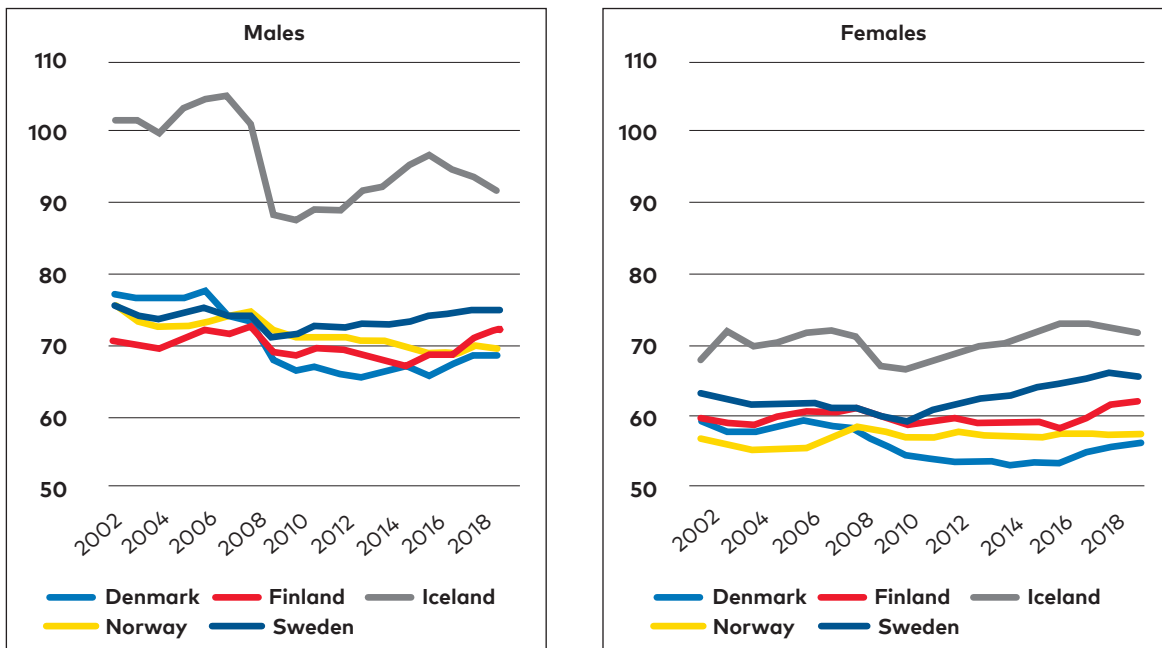
36. Eurostat DEMO\_FIND.

37. <https://www.nrk.no/nordland/regjeringen-vil-endre-arbeidsstedene-for-titusennis-av-ansatte-i-staten-1.15372062>



**Fig. 7.1 Employment rate by country of birth, people aged 20–64, Nordic countries and Euro area, 2019.** Source: Eurostat [lfsa\_ergacob]

Second, there are still significant intra-Nordic differences in average annual working time among the employed,<sup>38</sup> and therefore also in fulltime equivalent employment rates (Fig 7.2), suggesting that especially Denmark and Norway have considerable untapped labour potential in their high shares of part-time and short-term work (see Ilsøe and Larsen (eds), 2021). Another striking point in Fig 7.2 is that since the 2008 financial crisis, Iceland and Sweden have reversed the past trend towards lower full-time equivalent employment rates for both genders, whereas the downward trend has continued in Denmark and Norway.



**Fig. 7.2 Full-time equivalent employment rates males and females, 15–64, 2000–2019.**

Source: OECD.stat

38. In 2019, average annual working time for all employed in Norway and Denmark was ca 1380 hours (down from ca 1460 in 2000), compared with 1540 hours in Finland (down from 1650 in 2000), and around 1450 in Sweden (down from 1486 in 2000) and 1454 in Iceland (down from 1696 in 2000)(OECD.stat).



To mobilize the labour needed to accomplish arising tasks, temper the rise in welfare dependency, and balance expenses and revenues of the ailing welfare states the coming 15–20 years, the Nordics will have to raise employment rates, particularly in regions with diminishing workforces. Increasing the working age population in the long term may also require higher fertility rates.

As for employment rates, which are high in general, the only way to raise this level is: firstly, through mobilization, inclusion and training of the inactive, hard-to-employ groups, where low-skilled, troubled youth, and ethnic minorities are strongly overrepresented.

Secondly, by facilitating increased hours worked over the life cycle through prolonged careers and more hours among those in part-time, short-term and other non-standard jobs, accounting for roughly one quarter of all employed workers.

In order to raise fertility rates, childcare and universal transfers are still important, combined with policies to improve gender equality both at work and at home.

These are familiar challenges where limited progress has been achieved during the previous era of prosperity.<sup>39</sup> It will hardly be easier to overcome these in the post-COVID-19 years when the immigrant population will account for a growing share of the potential workforce. However, in Finland, where the working-age population has declined, the recent upswing is encouraging, showing that it is possible to counter the effects of ageing by increased participation rates insofar as the economy is growing. Together with the upswing in Iceland and Sweden, where the economies rebounded swiftly after the financial crisis, this points to the critical importance of GDP growth and labour demand for the ability to raise employment rates. Thus, if more jobs become available at the same time as there is scarcity of labour, the dividends of inclusion, training, mobility and activation policies increase – potentially offering triple gains, i.e. lower welfare expenditures, higher tax revenues, and enhanced quality of life.

### **Will there be lack of work?**

The other narrative, the fear of lack of work is far from new, and has allegedly been discussed since the invention of the wheel (Woirol, 1996). The questions of jobless growth and job sharing raised under the emerging ICT/data revolution in the 1980s was thus no exception. In the present narrative, the driver is technological change, notably the digitalization and the fourth industrial revolution assumed to bring huge productivity leaps and mass decimation of jobs (e.g. Frey and Osborne, 2017).

Employment decline is no novelty in Nordic manufacturing and production of other tangible goods. In fact, technological progress and productivity growth have contributed to a steady decline in employment since the 1970s, despite a multiplying of production. Only a minor part of the job decline can be attributed to outsourcing of tasks to other sectors. Even though the green transition may engender growth in certain forms of industrial production and manual work, there is little reason to expect a reversal of the downward trend in manufacturing employment.

Despite fast technological change and rationalization of labour in many industries, the studies in Pillar II of this project did not find any effect on total employment or job effects of GDP growth during the past decades (see Chapter 2; Rolandsson (ed.), 2020). In line with the literature on

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39. The exception is the prolongation of work careers, where Nordic retirement ages have risen in the wake of the past decades' pension reforms and more well-educated, white-collar employees reaching senior age.

secular stagnation (Summers, 2014) and the flattening macro-trends in productivity, we found no indications of increased Nordic labour productivity growth in recent years.

These observations remind us that growth in productivity, GDP and employment are influenced by a whole range of other economic factors than technology, which may so far have offset the expected efficiency gains of digitalization. In this regard it is important to note that total employment growth is a function of growth in demand and productivity in the economy as a whole, including services, where the use of digital technology in many areas is well below the average in the economy. The services sector is a diverse lump category, ranging from transport, distribution of goods, finance and other business services, to education, health, culture, social and personal services. As many services are highly labour intensive, service employment has grown steadily in all industrialized countries and contributed to slowing down productivity growth in the economy. Today the services sectors account for four out of five Nordic jobs and have accounted for virtually all job growth since 2000 (Rolandsson (ed.), 2020).

The apparent paradox is that the more technological rationalization lowers the use of labour in production of physical goods, and the more the population's growing incomes are spent on labour intensive services with lower productivity, the more a given level of economic growth contributes to job creation. That is precisely the opposite of what we would expect when viewing the labour saving rationalization going on within each single industry. The simple explanation is that when new technologies propel productivity growth and value creation in some sectors, the growing incomes tend to spur creation of new jobs in other sectors, including those producing and selling new technology.

Keynes pointed this out almost 100 years ago when debunking the fear of technological unemployment in his time (Keynes, 1930). Arguing that the rate of job growth at any given level of productivity and technology is a function of growth in aggregate demand, he called for countercyclical state policies in hard times and redistribution of incomes to reduce savings and boost demand. The detrimental job effects of sluggish aggregate demand – and political inability to redress it with countercyclical macroeconomic policies – have been seen over and over again in the Nordic countries. The most recent example was during the protracted downturns in Denmark after the 2008 financial crisis, when the government felt compelled to apply restrictive fiscal policies. It took almost a decade for employment rates to pre-crisis levels, whereas employment rates in full-time equivalents remain well below 2008 levels (see Fig. 7.2).

### Service cost disease

The post-industrial shift in the Nordic labour markets from the 1960–70s was driven by the expansion of female-dominated public services and in recent decades increasingly by growth in private services where for instance consulting, ICT services, hotels and restaurants, training centres, culture and leisure have flourished. Even though some of the service job growth is related to outsourcing of service tasks from manufacturing, the main driver has been the income-driven rise in demand for human services. Here, the gender revolution and dual-earner households have clearly acted as a multiplier, boosting Nordic job creation both in public and private sector services. Combined with the redistribution of incomes via collective bargaining, tax and transfers and public services, the Nordic models have been tailor-made to propel broad-based growth in demand for services and labour despite the decline in manufacturing jobs (see Chapter 2, Fig. 2.1).

Is it likely that the rise in service employment will continue when digitalization gains pace also in more and more service industries? In retail, for example, which is the largest Nordic employer, especially among women, the recent surge in e-commerce is expected to cause job stagnation or decline in the years ahead (Steen et al., 2019). Similar developments can be envisaged in other services, such as finance, transport and logistics.<sup>40</sup> Decisive will therefore be whether the growth in

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40. This is dependent on whether activity growth within these industries will offset the labour-saving effects of digitalization (the substitution effect)

incomes and value added stemming from technological innovations in these and other industries (the income effect) will fuel sufficient demand growth in other, more labour intensive service industries.

Thus far, the growth-enhancing income effects of technological change have contributed to long-term employment growth. Whether this will continue is indeed an open empirical question.<sup>41</sup> Major parts of the service industries still depend on time- and space-bound, labour intensive interaction with customers/clients. They therefore show modest productivity growth, whereas wages largely, in accordance with Nordic models, have to follow the rise in wages and productivity in manufacturing. Therefore, prices will rise and thus slow down employment expansion, the so-called "service cost disease" (Baumol, 1967).

As most consumer services are price sensitive, demand growth is crucially dependent on increased purchasing power among the customers and hence on economic growth. Growing incomes and affluence in the population tend to fuel popular demand for more elevated goods, in accordance with Engel's law. Today, this implies that people spend growing parts of their expenditure on (labour intensive) services such as education, health, culture, leisure, and so forth.

As observed by Iversen and Wren (1998), through "the service trilemma", it is difficult for service economies to achieve high employment, social equality, and low taxes at the same time. Therefore, economic growth alone will hardly be sufficient to make service jobs and employment in total continue to grow in the future. Growing differences in productivity between manufacturing and services, and increasingly also within services (Wren et al., 2013), may lead to a more divided labour market with widening wage disparities or growing exclusion of low-skilled/productive labour. To avoid this, states may need to subsidize wages or labour costs in parts of the services sector by means of higher taxation (Esping-Andersen, 1993; Dølvik, 2001), for instance through various kinds of wage compensation schemes, start/flex jobs, in-work benefits, tax reliefs and the like (Bratsberg et al., 2019; NOU 2019: 7).

Several other factors might also detract from the potential for job growth in the service industries. In the short term, the COVID-19 crisis has caused extensive job loss in several large service industries and brought a dive in total employment. Furthermore, in affluent societies like the Nordics, the past decades' trend towards larger income inequalities contributes to pulling down growth in demand for services and labour. This is because the spending rate of different societal groups varies inversely with income level, implying that the larger the share of the pie that goes to the rich, the lower the share of the GDP going to national consumption of goods and services. Except for luxury products, the consumption of people in the high end tends to flatten when their incomes rise as they allot a relatively higher share to saving and investment in property, assets, consumption abroad etc.

### **Jobs for all is not a technological, but a political matter**

With this backdrop, whether the Nordic path of employment growth is sustainable in a future where more industries become digitalized is essentially not a technological question. There is no lack of societal tasks or problems that can be resolved by human work – suffice to mention those arising in elderly care, the green transition, workforce re-training and inclusion. Thus, the critical question is whether there will be sufficient growth in demand for such employment-intensive activities to offset the job decline in other industries prone to technological rationalization. That depends, firstly, on the rate of GDP growth, granting a central role to macroeconomic policies, and, secondly, whether the

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41. In contrast to the era of mass industrial production, when the biggest and most valued (car) companies in the world employed millions of unionized blue-collar workers with decent wages, the activities in the current tech-giants surging on the stock-market rankings are highly automatized and employ, apart from the management and R&D departments, relatively few workers, mostly non-unionized, low-paid labour (packers and pickers etc.). Voices in the international economic debate are therefore concerned that the sluggish growth in the world economy in recent years (so-called "secular stagnation") stems from a growing structural demand deficit caused by the increasingly skewed distribution of incomes between capital and labour (see e.g. Stockhammer, 2015; Lo & Rogoff, 2015; Summers, 2014).

distribution of growth in incomes and wealth enables customers, including companies and the public sector, to increase the demand for job-creating activities.

Bolstering the Nordic systems of wage coordination (which determine the part of the pie going to capital versus labour and the income dispersion among wage earners), and strengthening the redistributive and participation-enhancing effects of taxation, transfers, and public services, is pivotal in enabling more of the growing GDP to be spent on activities propelling employment. The crux is to find ways to channel more of the value added created by productivity-enhancing innovation in single firms and industries into consumption and real investment in new activities and skills that contribute to further growth in production and labour demand in the economy as a whole.

That has admittedly become more demanding in a world of globalized markets and investment opportunities, and where funding of public services is restrained by tax competition and tax reliefs. It is not hard to envisage scenarios where increasing parts of national income growth are spent on imported gadgets, services abroad, internal revenue flows in multinational companies or invested in property, assets, financial instruments or foreign tax havens, all detracting from productive investment and demand for services and labour in the national economy.

The question is whether the core actors of the Nordic models, faced with the global megatrends and the repercussions of the pandemic, are able to renew and reinvigorate their tools for demand management and redistribution of income and wealth in ways that strengthen the economy's capacity to meet the growing need for renewable goods and services, and at the same time mobilize the labour and skills needed to deliver them?

In the past, that has indeed been the *virtue of the Nordic models*. With their broad tax bases, large, feminized public sectors, dual-earner households, wage coordination, and redistribution of incomes, the Nordic models have, in spite of high wage floors and productivity requirements, served as an engine for the post-industrial labour market transition. Moreover, in contrast to the divided Anglo-American version, the models have ensured universal access to essential services and decent conditions for those delivering them, contributing to the Nordic combination of efficiency and equity puzzling many international observers. What these observers – and many Nordic politicians too – have not fully understood is that the increasing share of the pie spent on human services is a sign that our societies are becoming more wealthy and productive. As witnessed during the pandemic, the societal value of our work cannot be rated by the price of its inputs, the sector where it is produced or the market it is sold in, but rests on whether it meets needs our fellow citizens are able and willing to pay for, through market prices or taxes determined by our elected politicians.

Whether there will be enough jobs in the future is basically a question of, first, whether Nordic economic policymakers are able to cushion economic crises and sustain stable GDP growth. Second, it will depend on their ability, through national and international political action, to tame the tech giants and develop taxation and financial regulation of cross-border as well as national movements of wealth and incomes. Finally, if the Nordic actors are able to *re-organize their political economies* so that more of the growing income and wealth concentrated in ever fewer hands is directed into productive investment and work

## 7.2 Changing job and skill structures: will Nordic labour markets be able to adapt?

In the FoW debate, much attention has been given to the impact of digital technological change on the structure of jobs and skills. However, as pointed out by Berglund et al. (2020), changes in the occupational job/skill structure are influenced by many other factors than technology, including changes in product markets, industry structure, cyclical fluctuations, company production and staffing strategies, and political changes in public sector, regulation of working conditions, wages, and so forth (see also Chapter 2 above). While much of the literature examining the impact of digital technological change has highlighted trends towards job polarization, both narrower studies and broader empirical mappings of the overall changes in the job/skill structure show a more diverse picture. The effects also depend on what kind of technology is used. While ICT seems to spur polarization, there are indications that automation through robotization crowds out low-skilled workers without affecting overall employment (Graetz and Michaels, 2015). Broader studies illustrate the influence by the abovementioned variety of economic-political factors. According to the statistical study undertaken in this project (see Chapter 2), the dominant trend in the Nordic labour markets (2000–2015) was towards further upgrading; that is, most of the job growth came in occupations with relatively high skill demands and wages, whereas job growth in the middle and lower parts of the occupational structure was modest, uneven or even negative. The exception was Denmark, especially during the post-crisis years (2010–15), where growth in some of the least skilled/paid occupations contributed to a more polarized picture.

Still, the statistical study revealed interesting differences in the occupational pattern of change between different employee groups and sectors, confirming that contradictory dynamics are at work. The stagnant or declining occupations in the lower end of the occupational-wage structure showed overrepresentation of women, immigrants and groups with modest education and much higher incidence of non-standard work (temporary, part-time, temporary agency contracts etc.) than the expanding occupations in the higher end. However, the female workforce as a whole showed an unequivocal tendency towards upward occupational mobility and thereby also more standard forms of employment. Although men are still in majority in the highest-skilled/-paid occupations, the male workforce as a whole is subject to distinct polarization, i.e. continued employment growth in the top, decline/stagnation in the middle, and some growth in the bottom, where especially immigrant male workers are overrepresented. In Norway, Denmark and Finland this tendency of polarization among males came together with declining employment rates. These gender differences are largely a reflection of the fact that women are overrepresented in the public sector marked by a strong upgrading tendency, while males are overrepresented in the private sector, which shows a more polarized picture in terms of wages and skills. As indicated by Tåhlin (2019), the different tendencies among men and women are probably associated with the gender segmented labour market, where manual male jobs with modest skill requirements but relatively decent wages are disappearing.

Nonetheless, if these tendencies are indicative of future structural changes, it may seem that women in general, due to their occupational and educational preferences, are better positioned to thrive in the future labour market than many males. Men dominate in industries producing physical goods that are more prone to technological rationalization than most labour intensive services dominated by women. Furthermore, studies of changes in the gender division of job markets suggest that women are conquering growing shares of the positions in gender-mixed occupations with high educational requirements – typically doctors, lawyers, consultants, management etc. Men tend to remain confined in a narrower range of occupations, except for certain groups of immigrant men moving into female-dominated occupations in care, cleaning, retail etc. (Teigen, 2018). Still, one ought to be cautious in making inferences about future male employment opportunities from historical data of structural change, as workforce ageing and retirement flows will provide a lot of job openings also in typical male occupations such as skilled work in construction and manufacturing in the coming years (Cappelen et al., 2020). The green transition may add to such potential

shortages as it is expected to boost demand for labour in several semi-skilled, manual occupations in the years ahead (Eurofound, 2019). The shrinking supply of labour from CEE countries may also strengthen demand for domestic labour and thereby raise wages and conditions in manual occupations where employers in recent years have often complained about lack of national labour and opted for hiring of more docile, foreign labour.

The case studies in selected industries referred to in Chapter 2 also indicate that digitalization tends to raise skill requirements and reduce the number of unskilled jobs, as seen for instance in banking, retail, elderly care, and manufacturing (Rolandsson (ed.), 2020). For the Nordic labour markets, already marked by low shares of jobs for people with scarce formal qualifications (OECD, 2019), a further decline will bring about increasing challenges in raising employment rates in the years to come, and may unleash qualitative skill mismatches (or shortages). Unless matched by comprehensive up- and re-skilling of the labour force, further upgrading of the occupational structure may result in fiercer job competition and risk of deteriorating wages and working conditions for those struggling to find work in the shrinking parts of the lower and middle tiers of the job market. This will also pertain to industries and sectors marked by polarization, where job competition in the expanding lower end is likely to intensify as the decline in available middle-range jobs will force more labour to search for lower-paid/skilled jobs. Such tendencies might be further accelerated if the green transition makes it more profitable to offshore industries with high greenhouse emissions. With substantial shares of dropouts from upper secondary school (less so in Denmark and Finland, OECD, 2020), having consequences for labour market participation (Fevang et al., 2020 for Norway), the challenge to bridge the widening skill gaps is obviously not a task only for the labour market partners, but also for the education and welfare systems.

The Nordic countries have a comparative advantage when it comes to access to further training and education. Yet, differences in access between adults with low and medium/high skills are considerable, especially in Finland and Denmark. Denmark shows a better balance between adult learning and labour market needs though (OECD, 2019). Although the rate of access to in-work training is comparatively high for low-skilled workers, probably due to high wage floors, Nordic employers tend to invest less in workers that could easily be replaced due to weak employment protection and surplus of labour, typically in non-standard jobs.

Unless the Nordic countries strengthen the capacity, flexibility and student funding of their educational systems, especially in vocational training and lifelong learning, the transformation in the structure of occupations, jobs, and skill demand in the years to come is likely to amplify current problems with skill mismatches and shortages in the labour market. The risk is therefore that labour market inequalities will widen, not only regarding wages/earnings but perhaps even more so regarding employment security, working hours, and social protection. In this view, large-scale societal efforts to support re-skilling and upskilling appear indispensable to counter the structural pressures towards more unequal, segmented or dualized labour markets.

### 7.3 Quality of work – towards a four-fifths society?

Failing to counteract pressures towards inequality might lead to a four-fifths society, where a substantial minority, the one-fifth, fall outside the Nordic working life model. The impact of megatrends shaping the world of working life is, as already mentioned, not unique for the 21st century. Several of the present challenges to the Nordic labour market models can be traced back to the third industrial revolution emerging internationally in the 1970s. **The age of digitalization** was well underway as early as the 1980s in Nordic manufacturing and banks, soon followed by the access to Internet around 1990 and the ensuing cellphone miracles of NOKIA and Ericsson. Parallel to this

technological development, processes of liberalization, vertical specialization, and outsourcing/offshoring not only fuelled international trade, but also triggered organizational changes in Nordic business. Employers focused on high-performance work organization at the same time as strategies increasing the numerical or external flexibility were applied (Kalleberg, 2003). For employees, these strategies led to different challenges regarding the quality of work, dependent on whether they belonged to the group of high performance insiders or the layers of low-skilled and lower paid outsiders at the margins of the labour market. As shown by Christensen et al. (2021; Chapter 5), many new developments that can be seen as a continuation of the ICT revolution enhance workers' autonomy, allowing them to decide when and how to perform work tasks. The flip side of this could be higher job demands, where anticipation from managers and colleagues of availability outside office hours may lead to technostress and disturb the work-life balance.

Even in the Nordic countries, employers' attempts to increase numerical flexibility have led to mushrooming of nonstandard work arrangements (Kalleberg, 2003). Subcontracting and outsourcing flowing from the strengthened focus on core activities have given grounds for growing business service industries. Thus, support service employees that had previously been protected by collective institutions in the stronghold of the Nordic labour market models, the manufacturing industry, became more exposed to competition in the labour-intensive business service sector. This was later followed by similar processes within the public sector. As discussed in Rolandsson (ed.) (2020), the drive towards increased productivity in parts of the service sector seems to have led to a more differentiated labour market. With weaker collective institutions in the private service sector, more so in Norway and Denmark than the rest (Toubøl et al., 2016; Barth and Nergaard, 2015), workers in parts of the private service sector are more vulnerable to low wage competition and the use of non-standard contracts. The **demographic changes**, notably immigration, and later EU/EEA labour migration as a part of the **globalization** trend, have contributed to this development by securing a supply of labour much more susceptible to accepting non-standard employment contracts and work schedules, associated with higher risks of low income, job-loss and inferior social protection. As shown in Chapter 3 (Ilsøe and Larsen (eds), 2021), the groups overrepresented in the lower tiers of the occupational structure are youths, immigrants and women with limited education.

Nonetheless, the overall share of non-standard employment in the Nordic labour markets has largely remained stable since 2000. However, findings suggest that the divisions between the core and periphery of the labour market have become more pronounced. Especially in industries such as hotels and restaurants, retail, care, and creative work, a considerable share of the workforce are employed on flexible or temporary contracts without any guaranteed working hours – typically on-call or zero-hour contracts – with little income and employment security (Ilsøe and Larsen (eds), 2021). A prototypical example of casual work on the margins of the labour market is digital platform work, where management is replaced by algorithms and virtually all risk is transferred to the workers who tend to fall outside the Nordic model of work and welfare (see Chapter 4, Jesnes and Oppegaard (eds), 2020).

So far, the Nordic labour markets have by comparison stood out with low shares of such emerging forms of casual or precarious work. However, the challenges spurred by the third industrial revolution are not likely to disappear in the future. As pointed out by Jesnes and Oppegaard (eds) (2020), the financial crisis of 2008 was an accelerator for growth of the platform economy. Because of the uncertain business prospects in post-crisis periods, employers tend to become more risk-averse in their hiring policies and more inclined to prefer temporary, flexible contracts, at the same time as longer job-seeker queues and fiercer job competition make more people willing to accept insecure jobs with inferior conditions. Even though the supply of labour to such platforms will be cyclical, they may attract marginal groups with scant power resources on the outskirts of the well-regulated Nordic labour markets. A further reduction in low-skilled jobs or increased competition due to a shrinking middle of the occupational structure (see 7.2) could prove to be a driver for new forms of non-standard work in the years to come. This shows how technological progress goes hand



in hand with more flexible staffing strategies also in the area of the fourth industrial revolution, with consequences for labour market outsiders.

No single measures or quick fixes can prevent dynamics of erosion and fragmentation from taking hold. Macroeconomic policies that boost growth and labour demand, increased investment in training, re-training and mobility-enhancing measures that can help bring labour into growing industries and measures to redistribute incomes and wealth have already been mentioned. A question that remains unanswered is whether the organized industrial actors of the future will be able to fill their roles as countervailing forces and secure the quality of work through collective regulations. If trade unions lose ground in parts of the labour market with numerous precarious workers, there might be a need for the Nordic governments to intervene, either by strengthening the ability of the social partners to fulfil this task, or by acting as a regulatory supplement to the social partners.

As indicated in the study by Hotvedt et al. (2020, Chapter 6 here), it might be necessary to consider regulative adjustments that prevent growth in precarious forms of employment contracts. One way is to develop and clarify the legal assessment of the employment status. It will be important to ensure that labour law is applied to all labour relations with a clear imbalance of power, and that employer responsibilities are clarified and adapted to shifting organization of work. Some legal initiatives are already seen in Denmark and Norway (Ilsøe and Larsen (eds), 2021; Chapter 3), but are not sufficient to ensure that workers in the periphery or secondary layers of the labour market are also secured basic protection by Nordic labour law and social security legislation. Social partners also have an important role, for instance by making use of the leeway to include self-employed workers that are not genuinely self-employed into collective bargaining. EU initiatives may exert pressure in that direction. The issue of enforcement is doomed to be a major challenge, especially in parts of the labour market where trade unions struggle to gain or retain a foothold (Svalund et al., 2019). The Nordic jurisprudential approach (case-by-case assessments by the courts) is not only a strength, but could also be considered a weakness faced with emerging types of labour relations. As courts only consider cases brought before them, they might not be sufficiently timely in clarifying grey areas. One promising approach would be to introduce a presumption of employee status, thus provide a *prima facie* protected status (Hotvedt et al., 2020: 151).

Together, these tasks all form part of the challenge to turn the tide away from a more dualized and exclusive working life where a growing minority is falling outside the Nordic model. Such a four-fifths society will get further impetus from the megatrends unless it is countered by determined political action within and beyond national boundaries. None of these tasks are novel. Combined, they rather entail a “back to basics” approach to the future of work in the Nordics.

Countering pressures towards increased inequality is a core task for both the Nordic social partners and the governments. Taxation systems need to be maintained and renewed in order to secure redistribution effects, collective institutions and wage floors need to be strengthened especially for workers with non-standard contracts, and labour and social security law need to be adjusted to cover vulnerable workers.

# Chapter 8

## The future of work following the COVID-19 pandemic

Jon Erik Dølvik and Kristin Alsos

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The recurring phenomena causing the largest and most consequential shifts in Nordic labour markets over the past 50 years have been, as pointed out in previous reports from the project (Dølvik and Steen, 2018; Rolandsson (ed.), 2020), economic and financial crisis. And now, when the Nordic labour markets had just recovered from their former crises, it happened again – reminding us that the development of jobs and incomes are decisively influenced by macroeconomic fluctuations and policies. Even when societal life returns to normal, the repercussions of the international economic downturn, and the structural changes the pandemic has unleashed, will further influence working life developments for several years. As projections of the post-COVID-19 world of work are doomed to be outdated as the development takes new, unpredictable turns, we do not aim to spell out the consequences for the Nordic working lives in detail. Instead, we point at some lessons learned from former crises and discuss how the crisis can be expected to impact the global megatrends before pointing to some labour market consequences that could be particularly worth noting for the Nordic countries.

### 8.1 Lessons learned from crises in the past

The lesson from major crises in the past – the 1930s' Great Depression, the 1970s' stagflation, the 1990s' Nordic financial crises, and the 2008 global financial crisis – is that it usually takes many years before the economies are back in shape, and even longer for the labour markets. Furthermore, as pointed out by Schumpeter (1942), crises tend to act as engines of "creative destruction", propelling industrial restructuring and innovation of technologies and the modes of production and work.

Although crises always come at a cost, they tend not only to spur innovation of technology but also renewal of work practices, institutions and policies, often on a scale hardly conceivable prior to the crisis. Followers of Schumpeter have elaborated how the creative destruction effects of economic crisis and major technological shifts tend to spill over to the broader political, institutional, and normative frameworks of the economy, sometimes contributing to paradigmatic reconfigurations of the entire political economy: the US New Deal in the 1930s, the Keynesian welfare state and class compromises in the post-war era, the market-liberal turn and launch of the EU Single Market in the 1980s, and in the Nordic context, the 1990s' realignments with the EU and revisions of economic and social policies. According to these accounts, crisis-induced disruption of pre-existing economic-political regimes has often been a precondition for the breakthrough of game-changing innovations in the means of production, consumption, and governance, sweeping old practices aside and paving the way for adoption of new ways of doing things (Perez, 2002; Freeman et al., 2001).

More recently, the 2008 financial crisis prompted a rigorous overhaul of the EU's economic policy regime and structural reform of labour and welfare regimes in many hard-hit member states, followed by Brexit and sweeping shifts in the political landscapes on either side of the Atlantic. Yet, the falls in GDP under those crises were dwarfed by the initial dives in GDP after the pandemic broke out, when joblessness skyrocketed. The underlying cause of the COVID-19 crisis is different, apparently enabling a faster economic recovery than after past crises. Still, the risk of an uneven recovery and several years of high Nordic unemployment with lasting labour market effects should clearly not be underestimated.

That the toll of the pandemic has potential to become a “game-changing” systemic event is probably doubtful, but combined with the economic shock, the worldwide experimentation with doing things radically differently may have knock-on effects that can open windows of opportunity for path-shaping, innovative actors in several areas, including carbon emission practices and digitalization.

Notable is also that the gravity of the crisis has forced nation-states and the EU alike to (temporarily) abandon the strict policy rules and prescriptions that shaped their responses to the 2008 financial crisis, adopt Keynesian crisis packages of unparalleled magnitude, and invent novel income security schemes for uncovered groups. For the first time, the EU even issued joint debt to fund its crisis packages, a notable step towards more fiscal federalism.

The economic upswing in the autumn of 2020 has given rise to more optimistic forecasts for 2021. That does not mean that the labour market problems will be over, only that the hard work to overcome them and pay the bills can start. A key question, then, is how the international economic crisis may affect working life developments and the megatrends influencing them in the coming years.

## 8.2 The impact on megatrends: Continuity or game-changer?

As for **demographic trends**, the stagnant development in the Nordic working age populations and the growing need for elderly care in the coming decades will not be altered by the pandemic. Following criticism of nursing home staffing during the pandemic, the demand for skilled labour in full-time positions can be expected to rise in the years to come. When it comes to the drivers of global migration – poverty, natural disasters, war, repression, economic misery, and failed states – the pandemic might worsen the situation, due to economic downturns and delayed vaccination. On the other hand, border controls may well tighten, reducing mobility for all, including migrants. If the economic and labour market slump becomes protracted, however, further decline in Nordic fertility rates may accentuate the long-term stagnation in national workforces. The impetus to immigration from harder-hit EU/EEA countries may work in the opposite direction but face more contestation and restrictive approaches towards labour immigration.

Neither the working life impact of **climate change** nor the efforts to avert it are likely to be directly affected by the pandemic as such. Indeed, the lockdowns of the economies and especially the dive in air traffic and sea transport have prompted a temporary drop in carbon emissions. However, given that emissions from global production and trade pick up swiftly, the efforts to reach the 2 degrees target will probably continue more or less along the same trajectory as prior to the pandemic. Past crises, including the global financial crisis in 2008, have all led to temporary drops in emission that have been more than compensated by stronger growth in the following years (OECD, 2020c).

Furthermore, the costs of the economic crisis might reduce governments' and companies' budgetary room of manoeuvre for green investments and thereby weaken the international impetus to a green economic shift in the years to come. The severe job and income losses in many countries can also make politicians and voters more inclined to prioritize short-term policies promoting employment, incomes, and budget stabilization over longer-term investments in emission reduction. As pointed out by Mildenerger (2020), many of the most powerful economic actors, including business and trade unions, have often opposed radical climate policy measures, as such policies could harm the short-term interests of their core constituencies (see Fløtten and Trygstad (eds), 2020). If such short-term policies prevail in a critical mass of countries, allowing continued “carbon free-riding”, the economic and political hurdles for coordinated action against global warming may be heightened. Such a scenario may hamper the growth in markets for green Nordic export production and make it harder to reconcile Nordic objectives for emission reduction and job creation.

An alternative, brighter scenario is that the COVID-19 crisis will serve as catalyst for a gear shift in greening of the international economy. As noted by many observers, the change in behaviour imposed by the freeze of trade, travel, and interaction during the pandemic has instigated significant changes in professional travel, hotel stays, digital communication, office use, e-commerce, and work in many areas. Accompanied by a breakthrough for digital meetings, conferences, home offices and telework, the structural changes in industries previously offering large numbers of jobs with low entry thresholds appear unlikely to be rolled back. This will make many jobs redundant and spur further change in employment relations and human resource management (see Christensen et al., 2021; Chapter 5). Also at the ideational level, growing public awareness and deliberation as regards broader societal priorities, values, public goods and the environmental vulnerabilities of our ways of working may generate further knock-on effects. The political debates and ideas on how to design measures to overcome the effects of the COVID-19 crisis and speed up the transition towards renewable energy and green production seem to indicate this, as illustrated in the EU programme for a European Green Deal.

When it comes to the megatrend of **digitalization**, the COVID-19 crisis is also likely to have contradictory effects. On the one hand, the acceleration of digital communication and remote work noted (above) is evident and will propel further structural change and job decline in (air) transport, hotels and restaurants, and retail in particular. On the other hand, given the huge investments needed to propel the fourth industrial revolution and digitalization of production work, the deep drop in investment during the crisis will work in the opposite direction and may slow the overall pace of digitalization for some time. How this will affect the longer-term trajectory of growth depends on the depth and duration of the recession and the strength of the ensuing recovery, which in turn is contingent on the macroeconomic policies pursued during and after the crisis. In parallel, the crisis' intensification of competition for market shares may in accordance with the "creative destruction" thesis propel faster restructuring and favour companies that move ahead with technological innovation. While the demand effects of the crisis may slow the pace of technological change, the structural supply-side effects may thus pull in the opposite direction. The overall growth and job effects of these contradictory dynamics will vary across industries and countries with different industrial structures, but will, not least, depend on the extent to which the international community is able to bring about coordinated macroeconomic strategies geared to foster inclusive and carbon-neutral growth (OECD, 2020c).

The impacts of the pandemic and the economic crisis on **globalization** are no easier to judge. Epitomized by the US temporary withdrawal from the World Health Organization, the pandemic has certainly not calmed the past years' geopolitical rivalries between the USA, China, and Russia, nor the associated trade conflicts and outbursts of protectionism in various capitals. On the national level, the fast global spread of the virus, the shortage of supplies, and the breakdowns of global delivery chains for medical equipment became a "moment of truth" regarding the vulnerabilities of national health services relying on global production and supply chains with very few sources. Similar effects occurred in the manufacturing sector where the disruption of international trade and concentration of essential input production in a few regions (China in particular) linked with complex "just-in-time" supply chains around the globe brought a plunge in international production (OECD, 2021a). While industrial production resumed quite quickly, countries dependent on international tourism and travel have experienced more dramatic, longer-lasting effects on incomes and jobs – illustrated by the severe GDP fall in Iceland in 2020. Furthermore, the closure of intra-European borders for labour migrants caused instant problems for agriculture, construction and several manufacturing industries, for instance, shipyards and fish refineries in many countries.

The vulnerabilities of being dependent on global flows of goods, services and labour has sparked self-critical deliberation about what can be done to reduce such risks without losing the benefits of the international division of labour. Obvious responses are indeed to develop simpler and more

diversified delivery chains, larger buffers of vital components, re-shoring and, especially in the health sector, to uphold a minimum capacity for storage or production of critical inputs (Baribieri et al., 2020). Such moves are compatible with continued globalization, but can in some areas imply increased costs and harm the competitiveness of national producers and workplaces. One can also envisage that rules and criteria for state support and competition in international trade agreements may need adjustment and re-negotiation.

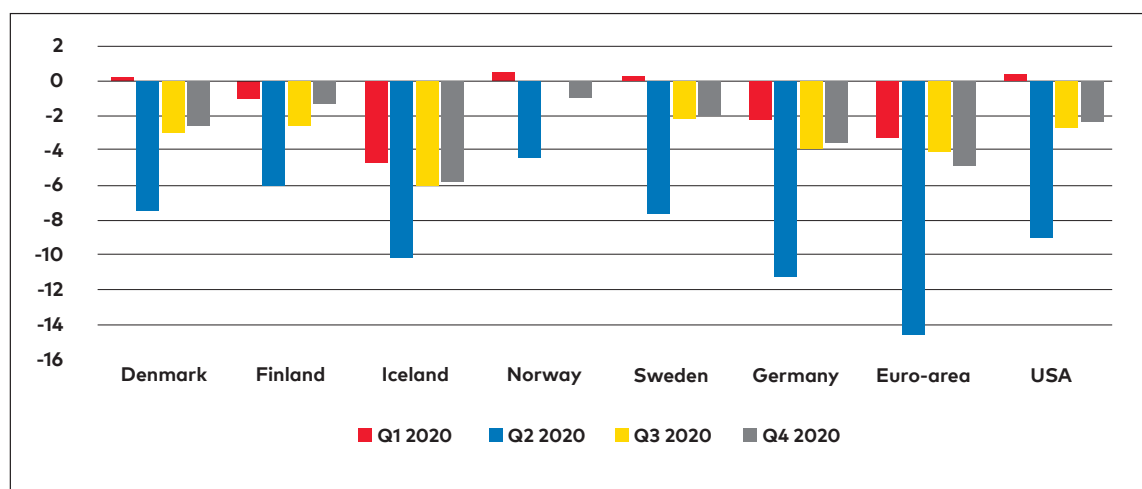
While some observers have argued that the COVID-19 crisis may signal the end of globalization and trigger a surge for political forces advocating a return to protectionism and self-reliant nation states, evidence so far indicates that many nationalist-populist parties in European and Nordic countries (except Finland) have lost support during the pandemic. Yet, the longer-term impact is too early to judge, especially if the economic downturn results in more protracted labour markets and social problems. Nonetheless, in the European context a more plausible scenario is that the political majorities in the EU/EEA countries will try to coordinate policies in ways that reduce their vulnerability to breakdowns in global supply chains and develop mutual insurance strategies that can provide a measure of economic and political autonomy in the face of unforeseen global events. Such discussions are well underway as regards vital supplies and capacities in the European health sector, and one could envisage resembling initiatives in other areas of critical societal importance. Moves in such directions may run counter to rules and commitments in international trade arrangements, including the internal EU/EEA market itself. Although the internal market regime has almost been viewed as hammered in stone, it is notable that basic EU rules regarding state support, free movement, and competition were swiftly suspended when the pandemic hit, as were the rules regarding fiscal policies, budgetary deficits, and funding of the EU budget. Together with responses in other parts of the world, for instance the recent launch of the Association of South-East Asian Nations (ASEAN) trade accord with Australia, China, Japan, New Zealand and South Korea,<sup>42</sup> and President Biden's call for revived trans-Atlantic cooperation, such developments may suggest that the pandemic will strengthen impetus to more regionalized, multinational patterns of managed globalization rather than an outright return to national protectionism or global market liberalism. Bearing also in mind the European Green Deal and the 750 billion euro EU fiscal stimulus package that were launched during the pandemic, such tendencies towards deepened regional integration seem also to be accompanied by a stronger role of the state vis-à-vis the market in economic governance and greening of the economy.

In such a trajectory of more multipolar arrangements for governance of economic exchange, migration, and efforts to curb climate change and foster technological development, the COVID-19 crisis may well accentuate the longstanding tension in the Nordic countries between protection of national sovereignty and pressures for more binding, supranational cooperation. A case in point was the Nordic reluctance against the supranational EU initiatives to issue common debt in order to fund economic support to member states hit particularly hard by the pandemic. When also taking Brexit and the illiberal nationalism evolving in several CEE countries into account, the impetus towards deepening of EU integration in the wake of the pandemic may strengthen the dilemmas facing the Nordic countries with respect to the balancing between preservation of national autonomy and their dependence on effective European and multilateral international cooperation.

Altogether, the best that at the current stage can be said about the effects of the pandemic and the ensuing economic crisis on the four megatrends is probably that they are likely to be contradictory, mutually contingent, and strongly influenced by the political responses nationally and internationally.

### 8.3 Labour market consequences of COVID-19 crisis

A major uncertainty is how the international downturn due to COVID-19 will influence the Nordic economies and labour markets in the years to come, in addition to the already observed adverse consequences for employment. The latest estimates show a drop in EU production and incomes (GDP) of around 6–7 per cent in 2020 (Eurostat, 2021a), the biggest drop ever measured. National forecasts suggest a somewhat lower fall in the Nordic region, except for Iceland, see Fig. 8.1.



**Fig. 8.1 Growth rates of GDP in volume. Percentage change compared with the same quarter previous year.** Source: Eurostat (2021a).

FIN: Percentage change compared with the same quarter of the previous year calculated from calendar-adjusted data. ICL: The seasonal adjustment does not include a calendar adjustment for Iceland.

Internationally, the initial labour market effect of the COVID-19 crisis was around ten times stronger than in the first three months of the financial crisis, with a 12.2 per cent decline in hours worked in the OECD area, compared to 1.2 per cent in 2008 (OECD, 2020a). The contraction of national labour markets seemed unaffected by governments' containment strategies as people sought shelter at home and stayed away from work anyway (ibid.: 25). When the economies gradually reopened in May–June 2020, production and employment picked up and the number of people out of work begun to decline in most industrialized countries. The development in the second half of 2020 was better than the OECD forecasts in June (OECD Labour market statistics). Still, the euro area unemployment rate rose from 7.3 to 8.1 per cent from March to December 2020. In the same period the unemployment rate increased by 1.2 percentage points in Denmark and 2.0 in Iceland and Sweden, with Norway and Finland in between (Eurostat, 2021a).<sup>43</sup> In the OECD forecasts for 2021 the Nordic unemployment rates are projected to decline throughout the year, except the Icelandic rate. Still, rates are believed to be higher in all countries compared to two years earlier, varying from 4.8 per cent in Norway (up 0.8 pp), 6.0 in Denmark (up 0.9 pp), 7.5 in Iceland (up 3.7 pp), 8.0 in Finland (up 1.1 pp) to 8.5 in Sweden (up 1.6 pp). If these projections come through, the increase is comparable to that experienced at the beginning of the 2008 financial crisis (except for Norway where the downturn then came later). Whether Nordic employment takes the same path as following the financial crisis, where it took several years before it returned to pre-crisis levels, is however, hard to predict. So far employment seems to follow a V-curve mirroring the introduction and lifting of restrictions. This might indicate a quicker recovery this time.

<sup>43</sup> Eurostat UNE\_RT\_M. Updated 10.03.2021. For Norway March to November.

These predictions entail several x factors. The unprecedented Nordic stimulus and rescue packages, involving aggressive countercyclical monetary and fiscal policy measures and vast ad hoc extensions of job retention and income security schemes (Ilsøe and Larsen (eds), 2021), have been important for economic stabilization and curbed unemployment rates. When the government help and relief packages started to work, the epidemic receded, and the economies reopened during the summer of 2020. Thus, many workers could return to work and the Nordic labour markets seemed to recover quite well. As the crisis has proceeded, with new periods of restrictions, measures have been prolonged. This is, however, unlikely to prevent a growing number of bankruptcies and job losses when the compensation schemes for companies are phased out. In the hardest-hit Nordic industries, such as accommodation and food services, arts, recreation and personal services, the initial activity drop in April 2020 was between 60–80 per cent in Norway (OECD, 2020b, Fig. 1.4). The recent rebound of infection rates with various mutations of the virus is expected to spur further job losses in these services as well as in administrative and support services and transport, whereas manufacturing and construction are less affected, and activity in retail trade is even growing (ibid.). The future impact on consumer spending and business investment will depend on the extent to which confidence recovers and firms lower their hurdle rates for investment (OECD, 2020b).

In this respect, prospects among businesses are not too positive. Investment intentions have weakened in several countries. For instance, in the Norwegian employer confederation NHO, member companies' investments were estimated to drop 6 per cent in 2020, 0.5 per cent in 2021 before rising in 2022 (NHO, 2021). While investments in some of the Nordic countries are expected to reach pre-crisis levels by the end of 2022, different sector specialization may lead to more modest growth rates in others, e.g. Iceland (NHO, 2021; Finansministeriet, 2021; OECD, 2020b). Recovery seems faster compared to the previous crisis, but is also uneven. In this view, one cannot preclude that we will see sluggish growth rates, at least within parts of the service industry, for years to come. Developing or implementing new digital solutions, for instance, often requires significant, long-term investments in research, development and innovation. With low liquidity, lay-offs and threats of bankruptcy, investments in digital technology and digital business models may lose priority, possibly also affecting longer-term processes of technology development and adjustment (Fløtten and Trygstad, 2020).

Whether and how the short-term effects of the pandemic will influence Nordic labour market developments depends on the pace of the international recovery. In the most recent OECD scenario (March 2021) where the pandemic recedes steadily and comes to an end in 2021, the GDP in the OECD is forecast to rise above pre-pandemic level in mid-2021 (OECD, 2021a). In such an outlook, the Nordic labour market slump may become more short-lived than initially feared.

In the current circumstances, however, forecasts are highly uncertain. Apart from the unknown impact of the present third wave of infection and lockdowns on production, investment and jobs, the level of unemployment depends on job-seeking behaviour, especially among the young cohorts entering the labour market. In this perspective, the bleak job growth prospects reported from the various Nordic capitals strengthen the likelihood that the Nordic labour markets will remain slack for several years – especially in the services sectors that in recent decades have been responsible for most of the job growth.

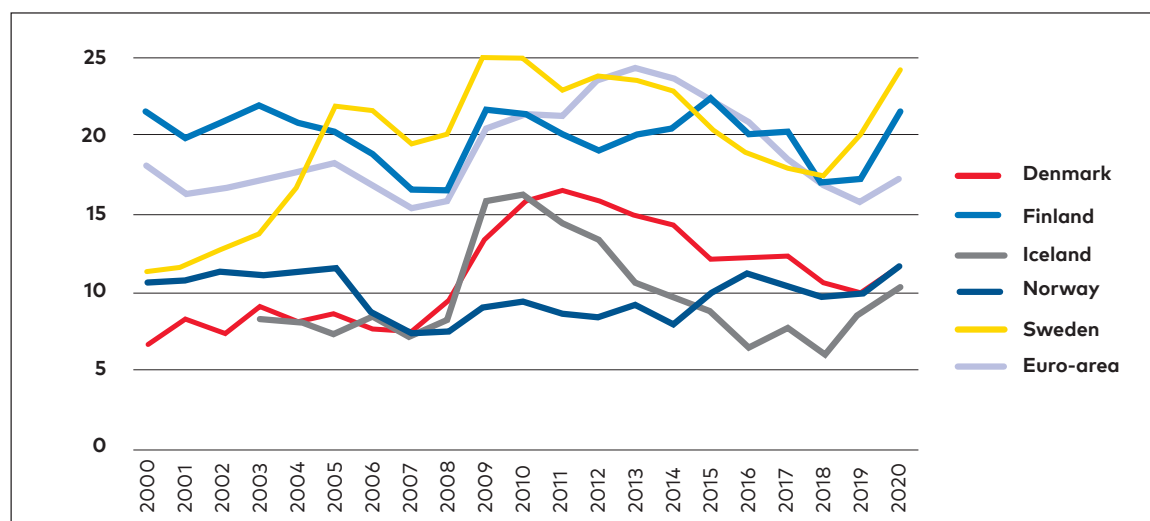
In a future of work perspective, defined in this project as 15–20 years ahead, it is worth bearing in mind that after earlier Nordic crises it has, as mentioned, often taken considerable time before the number of jobs and employment rates have returned to pre-crisis levels. After the Danish and Finnish crises of 2008, it took roughly a decade to reach pre-crisis employment levels, and after the depressions in Finland and Sweden in the early 1990s, pre-crisis employment levels were not reached before 2007–2008, despite remarkably strong economic recoveries (Dølvik et al., 2015b; Dølvik,



2022).<sup>44</sup> A major reason that labour markets need time to catch up is that crises propel accelerated economic restructuring, during which redundant workers from declining firms and industries need more time for to land a new job. Often sizeable shares also fall out of the labour market, with quite a few ending up on disability pension or early retirement (Bratsberg et al., 2013; OECD, 2020b). The combined impact of such hysteresis effects and the skill mismatches that arise from restructuring is that post-crisis labour market problems tend to become cumulative and sticky, mirrored in higher structural unemployment and exclusion or withdrawal from the labour force (Guichard and Rusticelli, 2010).

## 8.4 Acceleration towards a four-fifths society?

Before the summer of 2020, the OECD warned that the labour market consequences of the COVID-19 crisis were "much more severe than what unemployment statistics [...] may suggest so far" and that "its effects are unlikely to fade away rapidly [...]" (OECD, 2020a: 24). This is particularly worrying for the groups of vulnerable workers that have borne the brunt of the crisis. Many low-paid groups that have been key to ensuring continuation of essential services have, despite extraordinary employment and income protection measures, suffered greater job and income losses during the crisis than other groups (ibid., Alstadsæther et al., 2020). Especially workers in non-standard employment, where youths, women, immigrants and low-skilled are strongly overrepresented, have experienced deteriorating job prospects as temporary contracts were not renewed and they faced greater risk of falling into gaps in income protection schemes where eligibility requirements are often tied to previous earnings or hours worked (Ilsøe and Larsen (eds), 2021; Alstadsæther et al., 2020).<sup>45</sup> Of special concern in a longer-term perspective is that young people risk once more being the big losers of the crisis as several hard-hit branches offer fewer entry jobs.<sup>46</sup> Tellingly, in mid-September



**Fig. 8.2 Annual unemployment rate, percentage of active population below the age of 25, 2000–2019, average monthly rate 2020.**

Source: Eurostat, Une\_rt\_m and Une\_rt\_a. February 2021. 2020 shares calculated on basis of monthly numbers, for Norway numbers does not include December.

44. Notable exceptions are the swift employment rebounds in the wake of the financial crises in Norway in 1990 and at Iceland in 2008, but these "job miracles" were driven by exceptional surges in respectively Norwegian petroleum investments in the 1990s, and in tourist flows to Iceland after the Icelandic Krona was devalued by almost 50 percent during the crash (Dølvik, 2022).

45. While there has been a rise in some forms of platform work, e.g. delivery of food and other goods, a survey undertaken by AppJobs Institute (2020) (an online platform searching for app-based jobs around the world) indicated that over half of gig-workers reported to have lost their jobs and a quarter had seen their hours fall (OECD, 2020a: 43).

46. The number of job advertisements posted online in the OECD countries fell from February to June 2020 on average 35 per cent, and the same figure was reported for Sweden as well (OECD, 2020a: 38, Figure 1.10). In August 2020, NAV Norway reported 23 per cent fewer job advertisements than one year earlier, but figures for the last months of 2020 indicate that advertisements were more on level with 2019.

there were 1251 reported applicants – roughly five times as many as usual – for a 1/5 part-time job in a grocery store in Oslo (DN 23.9.2020). Youth unemployment in Sweden was above the 2008/2009 level in June 2020, and in December both Finland and Sweden had close to one out of four below the age of 25 out of work (see Fig. 8.2 for annual averages). This is worrying as the scarring effects on entrant cohorts documented after earlier crises tend to persist throughout their work career (OECD, 2020a).

Given also that higher-skilled labour in better-paid standard jobs have been much less prone to job or income loss, it is evident that the COVID-19 crisis has accentuated labour market inequalities and heightened the risk of exclusion among those struggling in the lower end of the job market. Containment measures have constrained the spending of higher income groups, not only resulting in low demand for services, but also leading to higher savings especially among the better-off.<sup>47</sup> In this way the pandemic has added both to existing income and wealth inequalities.

Moreover, former crises have shown that during the early phases of post-crisis recoveries, employers tend to be cautious in hiring and often prefer looser, non-standard contracts due to high uncertainty and fiercer competitive pressures to curb costs (Rasmussen et al., 2019). Thus, Denmark and Finland saw a marked increase in short-term, non-standard work during their period of sluggish growth after the financial crisis (Ilsøe and Larsen (eds), 2021), and a similar hike in temporary work was seen after the severe Swedish crisis of the 1990s. Besides repressed job growth and higher unemployment, which raised the hurdles for inclusion of vulnerable groups, there is clearly a risk of increasing non-standard work and further fragmentation of low-skilled/low-paid jobs in the wake of the pandemic (see Chapter 3; Ilsøe and Larsen (eds), 2021).

The likelihood that the labour-intensive hospitality industry, tourism, aviation, cruise and ferry transport etc. will soon return to previous activity levels seems low. Activity in other labour-intensive industries such as culture, leisure, personal services and parts of the retail industry will also remain subdued until the pandemic is over. Considering also the pre-crisis forecasts of future job decline in retail and that the containment measures have accelerated the shift towards e-commerce, there is reason to fear that substantial numbers of firms/workplaces in the services sector will have to scale down or close in the years ahead.

The biggest Nordic labour market challenge in the wake of the COVID-19 shock will perhaps not be to restore employment growth and reduce unemployment in general. It will rather be to prevent that the skewed social and sectoral effects of the crisis set in motion dynamics of job fragmentation and marginalization that lead to further dualization and inequality in parts of the labour market. These kinds of structural problems are unlikely to be overcome by means of macroeconomic stimulus alone, but require targeted investment in job training, upskilling, and mobility enhancing measures that enable victims of the COVID-19 crisis to escape being locked into dead ends of the labour market.

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<sup>47</sup> Household saving rates rose between 10 and 20 percent in advanced economies in Q2 of 2020 (OECD, 2020b).

# Chapter 9

## Conclusions: Future prospects for the Nordic model

Kristin Alsos and Jon Erik Dølvik

Despite claims that the Nordic models would vanish in the era of globalization in the 1980s–1990s, they have even in the 21st century proven their ability to handle economic shocks, technological change, and geopolitical upheavals while still delivering high levels of growth and lower levels of inequality than any other models. Yet, wealth and income gaps have widened markedly in recent decades, making the Nordics more similar to their European counterparts in that respect. As elaborated in the previous chapters, new challenges, and exacerbated old ones, are mounting ahead. However, starting out with the megatrends and looking into different aspects of Nordic labour market developments, we have found little evidence of disruptive or paradigmatic working-life change. The main lines of change appear to be incremental, evolutionary and subject to human influence. Still, tracing lines from the third industrial revolution and concurrent strategies related to digitalization of work, organizational fragmentation, and changing staffing strategies, fuelled by globalization, and cross-border labour mobility, has revealed signs of erosion and cracks in the foundations of the Nordic models. Accentuated by the COVID-19 crisis, such cracks might grow deeper in the years to come, unless countered by bold political action.

### Arising work life challenges and risks

- Occupational upgrading, restructuring, and intensified competition over low-skilled work driven by digitalization and greening of the economy entail a risk that more redundant workers fall out of the labour market, contributing to declining employment rates, job growth, and welfare state funding;<sup>48</sup>
- Despite stable Nordic shares of non-standard work, there is a risk that sharper segmentation in the labour market, associated with more precarious atypical jobs in the periphery or secondary layers of the job market, will increase the rates of marginalization, inequality, and welfare dependency;<sup>49</sup>
- Novel technologies and forms of remote work offer many high-skilled employees more autonomy and flexibility, but do at the same time increase job demands, i.e. telepressure, technostress and ICT demands;<sup>50</sup>
- Numerous lower-skilled workers also face novel technologies – not least those involved in platform “gig work” where lack of employment security makes it hard to secure proper job quality;<sup>51</sup>
- While new and changing forms of labour relations have revealed cracks in Nordic working life regulation and social protection, making more people fall outside/between basic worker rights,<sup>52</sup> increased cross-border flows of labour and services within the EU/EEA single market have contributed to reinforced erosion of collective labour market institutions and wage floor regulations.

48. Rolandsson (ed), 2020

49. Ilsøe and Larsen (eds), 2021; Jesnes and Oppegaard (eds), 2020

50. Christensen et al., 2021

51. Jesnes and Oppegaard (eds), 2020

52. Hotvedt et al., 2020

So, how can the Nordic countries address these challenges? While existing and future challenges threaten to put cornerstones of the Nordic model at stake, the Nordic model can at the same time be viewed as a key lever for resolving the problems that are arising. We would thus suggest the answer to be a “back to basics” approach rather than trying to invent something entirely new.

Needs will to some degree differ between the Nordic countries, but in our view the approach ought to build upon the existing model and aim for reinvigoration and targeted renewal of its three foundational pillars. That is: (1) responsible macroeconomic policies, (2) coordinated, multi-tiered collective bargaining, and (3) universal welfare states contributing to income security, skill formation and labour market participation (Chapter 1; Dølvik et al., 2015b). In the following we point at some policy implications that can be derived from the findings in this project. The list of implications is by no means exhaustive, and several measures that have been paid scant attention in this project will also be important, such as taxation of the global tech giants and returns originating from access to capital and property.

After 40 years with de-regulation and a strengthened role for market forces in shaping economic and societal developments, the climate challenge seems to engender a contested rethinking or recasting of the relationship between the state and markets – both nationally and supranationally (at European level). While the pandemic has led to a re-appreciation of the importance of the state as provider of stability and security, calls for the state to take a more proactive, leading role in instigating the green shift – be it as regulator, investor or provider of tax incentives and support – has also become louder, even in business circles, where many actors are looking for partners that can shoulder the risk of investing in emission free production. The counterforces have also become louder, reminding us that the state repeatedly has proven unable to “pick the winners” of the future, and warning that blurring of the boundaries between market forces and the state can make the latter into an instrument for monopolist/insider capital interests and compromise its autonomy. In a Nordic perspective, where the actors have longstanding experience with cooperation between the state and private business interests, this is probably not a question of black and white but more how the governments can ensure and improve the state’s ability to distinguish and combine its diverse functions as regulator, enabler, and instigator of climate-friendly innovation and production.

**Assuming** that there will be no lack of work tasks or jobs to be done in the future, an uncertain precondition for achieving work for all is whether the Nordic labour markets and labour forces are able to adapt to the changes in the industrial structure, composition of jobs, and skill requirements that are instigated by the megatrends, i.e. the digital and green shift in particular. That depends, as earlier emphasized, on the Nordic models’ ability to

- update and renew the skills of the incumbent workforce, in line with “human-centred approach” commended by the ILO centenary congress (ILO, 2019), and offer the education and training needed to integrate the new entrants, unemployed, and formerly inactive required to raise employment rates in the pandemic aftermath;
- re-regulate conditions for hiring foreign labour, either directly or indirectly via subcontractors, to secure equal terms of job competition between native and migrant labour. This is important in order to avoid that Nordic enterprises become ever more dependent on mobile, foreign labour, while increasing shares of resident workers with limited skills become dependent on welfare transfers, which is a vicious, unsustainable circle;
- better matching between job seekers and employers with vacant jobs within and across industries and regions, and, in turn;
- develop support and incentive systems that enable job seekers and their families to meet the growing demand for occupational and geographical mobility, and arrangements that shoulder the risks related to such potentially, life-changing adjustments;
- ensure that the digital advantage of the Nordic countries (according to the European Commission (2020c) EU DESI index), is maintained, strengthened and deployed to all areas and sectors, not least as 5G and 6G networks, and other groundbreaking technologies are introduced;

**Responding** to the tendency that collective institutions in parts of the labour market are withering, the future strength of this pillar will depend on the actors' ability to

- maintain high rates of unionization, employer organization and collective bargaining coverage, particularly in the private service sector. This is a main task for working life partners, and require joint forces in supporting and promoting trade union organization and collective agreements;
- re-think whether and how state involvement may underpin or support collective institutions and regulations, by
  - making organizing feasible and attractive for both employees and employers, for instance through tax reduction on member fees,
  - granting advantages to companies bound by a collective agreement through semi-dispositive legislation,
  - securing robust wage floors, for instance through authorization schemes, conditional on compliance with collectively agreed minimum wages, in industries facing low wage competition, and
  - protection of non-standard workers and ensuring access to dispute settlement mechanisms and thereby reverse the tendency that the lower end of the labour market slips out of the market-regulating collective institutions.

This might call for novel and more forceful approaches. The rejection of extending collectively agreed wages and labour conditions in Denmark and Sweden, and the broad opposition of the Nordic actors against the draft EU directive on minimum wages, illustrate the policy dilemmas Nordic actors face in countering the rise in low-wage competition and inequality in open and more fluid labour markets.

**Developing** new grounds for workplace community, facilitating belonging, meaning and motivation, leadership and supervision, in a working life marked by more telework, and at the same time reducing work pressure by curbing the capacity of new technology to force employees to work or act in certain ways.

**Counteracting** development towards a four-fifths society with its more divided labour market, a particular regulatory challenge is to strike a better balance between employers' increasingly variegated demand for labour with flexible contracts/working time and the constraints, preferences, and abilities of the available job seekers. On the fringes of the job market, economic risk is increasingly transferred from employers to workers. In this view, the transition to the future of work in the aftermath of the COVID-19 shock will not only test the Nordic models' renowned capacity for economic adjustment, but also their ability to adjust their regulatory systems in accordance with changing social risks.

- The COVID -19 crisis has revealed cracks in the welfare systems, made visible not least through the government rescue packages trying to fill the gaps discovered in the social security models. While this has concentrated on safeguarding income security, regulatory gaps in working life protection of marginalized workers following from both changing staffing strategies, fragmentation of enterprise structures and more cross-border work have also become salient during the lockdowns.
- Marginalized workers, especially immigrant labour lacking knowledge of Nordic working life, are less unionized than others, and their work life position is vulnerable not only when it comes to rights and power resources, but also in terms of enforcement.
- Emerging examples of precarious work in the Nordic job markets is often less a matter of absent regulation than of circumvention of rules and lack of enforcement. In highly mobile, internationalized job markets, enforcement has become ever more crucial and demanding, whether it is undertaken by trade unions' monitoring of compliance with collective agreements, by state inspectorates, or other means and combinations.

- While the adaptability of the concept of employee through the case-by-case assessment of the courts in Nordic legal systems is a strength, it can also be considered ineffective for resolving disputes related to emerging unclear employment relationships. To assess employment status in light of the new modern labour market reality, the courts could for instance consider whether the worker in reality is personally and economically dependent, unilaterally sanctioned and has little influence on the conditions of work.
- The legislatures could consider promoting developments and clarifications of the concept of employee in preparatory works, for example by introducing a presumption of employee status.
- The social partners could consider active use of the collective bargaining mechanism to regulate new labour relations, by presumptions of employee status for certain workers or otherwise, and by actively bringing grey area cases to the courts for clarification.
- New ways of organizing businesses may disguise employer responsibilities, a challenge aggravated by the fact that the concept of employer has less inherent adaptability than the concept of employee. The legislator may thus find it necessary to take the lead in allocating responsibilities, for example by clarifying which responsibilities should rest with the contractual employer and which responsibilities should be related to various employer functions.
- As new digital platforms with novel and particularly asymmetric labour relations have emerged, not least during the COVID-19 crisis, there is a need to map their development through improved statistics, facilitate dialogue with platform companies, and exchange experiences with attempts to regulate platform work across the Nordic boundaries.

**A common understanding and support** of the core aims and values inherent within the models, is a prerequisite for the ability to build political coalitions and find unified solutions within the conflict partnership between the organized actors. The overall aims of jobs and welfare for all are as indicated in Fig. 1.1 (sketching the components of the Nordic models), anchored in a strong ethos of equality and trust. Both equality and trust can be said to be essential for the well-functioning of the models, and hence also for their ability to tackle the future of work and the climate challenges in particular, and are at the same time outcomes of the models' functioning. While the Nordic countries are known for a high level of trust, there is no indication that the level of trust is reduced through economic crises (Segerberg, 2020; Fløtten and Trygstad, 2020). Similarly, no other regions show as low a level of economic inequality as the Nordic. But there are many signs that disparities between people are increasing in the Nordic societies, and that we are becoming more similar to other European countries in this respect. Pertaining to employment opportunities, wages, incomes and wealth in particular, this reflects that the rate return on capital is higher than the rate of growth in wages and earnings, so that the richest shares of the Nordic populations pull away from the others (ibid.; Calmfors and Roine, 2018; Aaberge and Stubhaug, 2018). This is not only restraining consumer demand that is fuelling growth in Nordic production and employment (see 7.1). Equality, trust and solidarity are strongly interrelated.

Development of better strategies to counteract the widening social gaps in Nordic societies and labour markets, and not accepting "a new normal", appears as a key prerequisite for the Nordic ability to handle the transition into the future of work in the post-COVID-19 era. In this view, there is little doubt that the Nordics are in for a tougher ride to the future of work than originally envisaged. This will subject the Nordic models to a severe test of their resilience and capacity for institutional innovation. But that has always been their strength.

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# Sammendrag

## Innledning

Som en del av de nordiske landenes Future of Work Dialogues, knyttet til ILOs hundreårsjubileum i 2019, ble det i 2017 utlyst et prosjekt fra Nordisk ministerråd for å studere fremtidens arbeidsliv i Norden. Formålet med prosjektet har vært å se på hvilke utfordringer og muligheter fremtidens arbeidsliv gir for de nordiske samfunnsmodellene. Denne sluttrapporten oppsummerer først de seks tematiske rapportene som har blitt publisert siden høsten 2018, og diskuterer deretter hvilke konsekvenser utviklingen vil ha for de nordiske samfunnsmodellene, og hvilke justeringer som trengs for at modellene skal fungere også i fremtiden.

Utgangspunktet for rapporten er de nordiske modellene slik som de har vært beskrevet blant annet i Nordmod 2030-prosjektet (Dølvik et al., 2015). Modellene i de små, åpne nordiske økonomiene er fundert på tre grunnpillarer: 1) aktive stater med en nøktern, stabilitetsorientert makroøkonomisk politikk, 2) sterke arbeidsmarkedsparter og koordinert lønnsdannelse, og 3) universelle velferdsstater som bidrar med inntektssikring, utdanning og arbeidsmarkedsaktivisering. I samspill med et markeds- og konkurransebasert næringsliv har trepartsmodellene bidratt til at de nordiske landene har kombinert effektivitet og likhet. Modellene er ikke statiske og har blitt justert og tilpasset nye realiteter ved en rekke korsveier. Og nettopp modellenes evner til å håndtere kriser og større samfunnsmessige endringer har vært en del av suksessoppskriften.

Flere internasjonale drivkrefter, såkalte globale megatrender, vil påvirke fremtidens arbeidsliv. Implikasjonene disse vil ha for Norden, ble diskutert i prosjektets første rapport (Dølvik og Steen, 2018). Den demografiske utviklingen med en høyere andel eldre i befolkningen og stagnasjon i arbeidsstyrken trekker i retning av økt knapphet på arbeidskraft i alle de nordiske landene, med unntak for Island. Dette vil kunne forsterkes av minkende arbeidsinnvandring fra andre land i EU. Urbanisering kan øke skjevhetene i tilgang på arbeidskraft mellom by og land. Fremtidige migrasjonsstrømmer er mer usikre, men en rask økning i antallet unge afrikanere samt klimaendringer er faktorer som kan bidra til fortsatt høy migrasjon til Europa.

Klimaendringer vil også føre til relokalisering og behov for ombygging og fornyelse av infrastruktur. Høyere karbonavgifter kan medføre lavere økonomisk vekst. Samtidig vil investeringer i nye produksjons-, energi- og transportformer by på muligheter for innovasjon og vekst. Analyser tyder på at sysselsettingseffektene for EU/EØS-området samlet sett vil være positive. Samtidig vil omleggingen til nye utslippsfrie produksjonsformer kreve omstilling, ikke bare av bedriftene, men også av arbeidstakerne, både når det gjelder kompetanse, yrke og hvor de skal bo og arbeide. De nordiske landene har høstet store gevinster av globalisering. Fortsatt frihandel med stabile rammevilkår har inntil nylig vært tatt for gitt. Utviklingen i retning av økt proteksjonisme i flere land har skapt usikkerhet om den fremtidige utviklingen. Videreføring av et sterkt internasjonalt samarbeid vil være viktig ikke bare for å sikre nordisk tilgang til internasjonale markeder, men også for å kunne redusere klimautslipp, skattelegge multinasjonale selskaper og sikre anstendige arbeidsvilkår.

Teknologiske endringer knyttet til digitalisering og den såkalte «fjerde industrielle revolusjonen» er forventet både å erstatte arbeidsoppgaver og skape nye jobber i fremtiden. Økt datakraft i kombinasjon med forbedrede algoritmer, nettverk, big data og store teknologiselskaper som drar nytte av synkende marginalkostnader, vil prege utviklingen. Dette kan bidra til økt outsourcing og fragmentering av arbeid. Hvilke effekter den digitale teknologien vil ha for den samlede sysselsettingen, er fremdeles uklart, og vil blant annet avhenge av den økonomiske politikken og kompetanseutviklingen.

## Konsekvensene av covid-19 for prosjektets ulike temaområder

Et ubesvart spørsmål er hvordan den pågående covid-19-pandemien vil påvirke både megatrendene og det nordiske arbeidslivet. Denne rapporten oppsummerer hovedfunnene fra delrapportene i prosjektet.<sup>53</sup> Siden datainnsamlingen var ferdig før pandemien traff Norden, har det ikke vært mulig å studere konsekvensene av denne i de ulike delprosjektene. Vi har likevel tillatt oss å inkludere noen refleksjoner om mulige utviklingstrekk på de ulike områdene. I kapittel 2 om digitalisering av tradisjonelt arbeid peker Rolandsson et al. (2020) på at pandemien har ført til akselererende digitalisering av kommunikasjon, og at dette på sikt vil redusere antallet jobber innen handel, transport og overnatting. Samtidig krever digitalisering av industriell vareproduksjon ofte store investeringer i maskiner mv. Det økonomiske tilbakeslaget som følge av pandemien har redusert investeringstakten, noe som kan føre til at denne prosessen går saktere enn forutsett. Likevel har tidligere kriser ofte resultert i store endringer i teknologi og investeringsmønstre, og samlet er det vanskelig å forutsi hvordan denne krisa vil påvirke det fremtidige tempoet i digitaliseringen. I kapittel 3 oppsummeres funnene fra Ilsøe og Larsen (red.) (2021) om atypisk arbeid. Covid-19-nedstengningen har særlig truffet grupper med atypiske tilknytningsformer hardt, og en stor andel av midlertidig ansatte i hotell og restauranter i Norden mistet jobben første halvår 2020. Nedgangen var også betydelig i industri, varehandel og den kreative industrien. Pandemien har i tillegg synliggjort hull i ordningene for inntektssikring av atypiske arbeidstakere.

I kapittel 4 oppsummeres funnene fra Jesnes og Oppegaard (red.) (2020) om plattformarbeid i Norden. Her pekes det på at det økonomiske tilbakeslaget kan bidra til vekst i plattformarbeid, slik som i etterkant av den globale finanskrisa i 2008. Siden digitale plattformer særlig rekrutterer fra allerede marginaliserte deler av arbeidsstyrken, vil økt arbeidsledighet kunne føre til at flere må ty til plattformarbeid for å få endene til å møtes også i Norden.

Kapittel 5 oppsummerer Christensen et al. (2021) sine analyser av fremtidens psykososiale arbeidsmiljø i Norden. Her pekes det på at covid-19-pandemien har endret måten mange nordiske arbeidstakere jobber på, ved at 50–60 prosent av dem har begynt med fjernarbeid, og at dette i hovedsak var pålagt og ikke frivillig. Samtidig har det vært observert en økning i klinisk depresjon i Norge, noe som har blitt forklart med økt isolasjon og mindre frihet. Pandemien har forsterket arbeidsmiljøtrender som eksisterte også før pandemien. Det er likevel sannsynlig at mange virksomheter vil revurdere hvordan de organiserer drift, arbeidsledelse og samarbeid etter at pandemien er over. Mer hjemmearbeid kan øke fleksibiliteten, men samtidig ha negative konsekvenser for motivasjon, produktivitet og helse. Den økonomiske krisa kan dessuten føre til lavere jobbsikkerhet i flere bransjer, noe som kan påvirke helsen og føre til at flere faller ut av arbeidslivet.

Kapittel 6 oppsummerer analysene til Hotvedt et al. (2020) av om nordisk arbeidsrett er klar for fremtidens arbeidsliv. På dette området er det vanskeligere å se at covid-19-pandemien vil ha noen særskilt innvirkning. Krisa har ført til at hull i reguleringene av inntektssikring for enkelte grupper atypiske arbeidstakere har blitt synlige. Selv om landene har iverksatt tiltak for å kompensere for dette under krisa, er det usikkert om disse vil bli videreført når pandemien er over. Hvorvidt krisa vil utløse politiske tiltak for å endre det rettslige innholdet i arbeidstaker-begrepet, vil nok avhenge av den videre utviklingen i ulike typer atypiske tilknytningsformer. Lovgiver er mer tilbøyelig til å reagere dersom endringene er varige og har et visst omfang.

## Mangel på arbeidskraft eller mangel på jobber?

Avslutningsvis i rapporten, i kapittel 7, diskuterer vi funnene i prosjektet samlet og peker på mulige implikasjoner for politikikutviklingen i de nordiske landene i årene som kommer. Det er to hovedfortellinger om fremtidens arbeidsliv. I den ene fortellingen vil vi av demografiske grunner

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53. Se <https://www.fafu.no/index.php/prosjekter/aktive-prosjekter/item/the-future-of-work-2#open> og <https://www.norden.org/en/futureofwork> for en oversikt over publikasjoner fra prosjektet.

mangle arbeidskraft til å fylle de jobbene som skapes. For Norden, som har hatt solid vekst i arbeidsstyrken de siste 60 årene, vil den fremtidige stagnasjonen i befolkningen i arbeidsdyktig alder by på utfordringer i alle landene med unntak av Island. For å bøte på dette er det nødvendig å få flere av de i arbeidsdyktig alder i arbeid, det vil si å øke allerede komparativt høye sysselsetningsrater. Dette kan gjøres ved opplæring, mobilisering og inkludering av flere som i dag står utenfor arbeidslivet (inaktive), hvor personer med kort utdanning, unge og etniske minoriteter er over-representert. Videre kan det gjøres ved å øke antallet timer/år personer arbeider i løpet av sine yrkeskarrierer, særlig blant dem i atypiske jobber, som utgjør en tredjedel av sysselsatte i de nordiske landene. Dette er kjente utfordringer, som en så langt ikke har klart å løse.

Den andre fortellingen sier at det vil bli mangel på jobber i fremtiden. Nedgang i antallet jobber er ikke noe nytt for industrien, der sysselsettingen har sunket siden 1970-tallet selv om produksjonen har økt. Samtidig har antallet jobber vokst i tjenesteytende sektor, som sysselsetter fire av fem i Norden. Jobbskapingen i denne sektoren er delvis en følge av at vareproduserende virksomheter har outsourcet deler av støttetjenestene. Størstedelen av veksten kommer likevel som følge av velstandsøkningen i Norden og særlig veksten i hushold med to inntekter. Økt inntekt gjør at vi bruker mer penger på tjenester. Samtidig er tjenesteytende sektor arbeidsintensiv og har hatt lav produktivitetsvekst sammenlignet med industrien. Dette gjør det vanskelig å kombinere en sammenpresset nordisk lønnsstruktur med jobbvekst og lave skatter. Hvis lønnskostnadene blir for høye, vil prisen på tjenestene stige og etterspørselen falle. Tjenestene må derfor enten subsidieres ved hjelp av skatter eller lav lønn eller ved at produktiviteten øker. De nordiske landene har så langt klart å øke sysselsettingen innen tjenesteytende sektor i kombinasjon med en sammenpresset lønnsstruktur, men dette kan bli vanskeligere fremover med fremvekst av stadig mer grenseoverskridende tjenesteyting.

Om sysselsetningsveksten vil fortsette i de nordiske landene i årene som kommer, er med andre ord ikke primært et spørsmål om teknologi, men om politikk og økonomisk organisering. Resultatet er avhengig av om økonomiene vokser, og om inntekter og verdier omfordelles på en slik måte at de bidrar til økt innenlandsk etterspørsel etter varer, tjenester og, dermed, arbeidskraft.

### **Endrede yrkes- og kompetansestrukturer**

I debatten om fremtidens arbeidsliv har spørsmålet om hvordan det vil påvirke dagens yrkes- og kompetansestruktur, stått sentralt. Er det særlig jobbene med lave kompetansekrav som forsvinner, eller er det jobbene i midten? Analyser i prosjektet av endringer i Norden fra 2000 til 2015 (Rolandsson (red.), 2020) viser en tendens til oppgradering, ved at andelen jobber med lave kompetansekrav skrumper. Mesteparten av jobbveksten har kommet i yrker med relativt høye kompetansekrav og høy lønn. Samtidig påvirkes denne utviklingen av flere andre faktorer enn teknologi, som utvikling i produktmarkeder, næringsstruktur, offentlig politikk, sykliske svingninger med mer. Mer detaljerte analyser viser at det også er forskjellige tendenser i ulike deler av yrkesstrukturen. Mange av de yrkene som har stagnert eller minsket, hadde en overrepresentasjon av kvinner, innvandrere, personer med lite utdanning og personer med atypiske arbeidskontrakter. Blant kvinner har voksende sysselsetting i kompetansekrevede yrker bidratt til en klar oppgradering, mens det for menn er en generell tendens til økt polarisering.

Høyere kompetansekrav og en minkende andel jobber med lave kompetansekrav vil gjøre det mer krevende å øke sysselsettingen i årene som kommer. De nordiske landene har sammenlignet med andre land et fortrinn når det gjelder mulighetene til videreutdanning. Likevel vil evnen til å styrke kapasiteten, fleksibiliteten og finansieringen av yrkesopplærings- og utdanningssystemene være avgjørende for om de klarer å håndtere fremtidige endringer i yrkesstrukturen og imøtekomme arbeidslivets skiftende etterspørsel etter kompetanse.

## Mot et firefemtedelssamfunn?

Det er flere utviklingstrekk som peker i retning av større ulikhet i de nordiske arbeidsmarkedene. En kan risikere at lønnsvekst og ordnede forhold i arbeidslivet ikke vil omfatte alle, men at en andel, for eksempel en femtedel, vil bli stående utenfor. Til en viss grad kan dette spores tilbake til fremveksten av den fleksible virksomheten, parallelt med globaliseringen og IKT-revolusjonen på 1980-tallet. Sysselsettingen har vokst i privat tjenesteytende sektor hvor de kollektive institusjonene gjennomgående er svakere og produktiviteten lavere enn i industrien. Det har gjort arbeidstakerne i sektoren mer utsatt for lavlønnskonkurranse og atypiske tilknytningsformer. Kvinner, innvandrere og unge arbeidstakere er overrepresentert i slike jobber. Tidligere økonomiske kriser har ført til økning i atypiske ansettelsesformer, slik som veksten i plattformarbeid internasjonalt i etterkant av finanskrisa i 2008. Spørsmålet er om arbeidslivets parter vil klare å motvirke en videre utvikling i retning av økt ulikhet, eller om staten må innta en mer aktiv regulerings- og håndhevsingsrolle i et mer internasjonalt arbeidsmarked. I Hotvedt et al. (2021) pekes det på at det finnes svakheter i den arbeidsrettslige reguleringen i Norden, noe som kan føre til at personer faller utenfor den adgangen til kollektive forhandlinger og beskyttelsen som arbeidsvernslovgivningen gir. Samlet sett understreker disse utviklingstrekke behovet for å snu trenden mot et mer delt samfunn og arbeidsliv.

## Fremtidens arbeidsliv i lys av covid-19-pandemien

De største endringene i de nordiske arbeidsmarkedene de siste 50 årene har vært relatert til økonomiske kriser. Hvilke konsekvenser den pågående covid-krisa vil få, er vanskelig å forutsi da vi fremdeles står midt oppi den. Erfaringen fra tidligere kriser er at de bidrar til innovasjonsprosesser, ikke bare når det gjelder teknologi, men også arbeidsorganisering, institusjoner, politikk med mer. I hvilken grad dette vil skje som følge av denne krisa, er usikkert, men enkelte endringer og nyskapninger vil trolig komme.

Vi kan forvente at krisa vil påvirke de forskjellige globale megatrendene på ulikt vis, dels ved å forsterke og dels ved å motvirke dem. Selv om demografien i hovedsak vil være uendret, kan økonomisk nedgang føre til økt migrasjon, samtidig som skjerpede restriksjoner kan gjøre det vanskeligere å bevege seg både innenfor og over landegrensene. Hva gjelder klima, har krisa ført til nedgang i karbonutslipp, men erfaringer fra tidligere kriser gir grunn til å tro at dette vil bli tatt igjen så snart krisa er over. I mange land kan dårligere økonomi også føre til lavere investeringsvilje i grønn teknologi, noe som kan forsinke omstillingen og påvirke nordisk eksportindustri negativt. Samtidig kan erfaringen med fjernarbeid og digitale møter ventes å redusere utslipp knyttet til en del reiselivstjenester, men føre til lavere sysselsetting i enkelte bransjer. Noe av den samme utviklingen vil en kunne se innenfor ny teknologi – lavere investeringsvillighet, samtidig som krisa i seg selv kan føre til innovasjon og endring i institusjoner og politikk. Den økonomiske veksten og effekten på jobbskaping vil trolig variere både mellom ulike deler av arbeidsmarkedet og geografisk. Den siste megatrenden, globaliseringen, er også preget av motstridende utviklingstrekk. Arbeidet med å utvikle og kjøpe inn vaksiner og medisinsk utstyr har vært preget av både samarbeid og «vaksine-sjåvinisme». Nedstengning av produksjonen i kortere perioder har også synliggjort sårbarhet i internasjonale leveransekjeder bygget på «just in time»-produksjon. Det samme gjelder de stengte grensenes innvirkning på grensekryssende arbeidsmobilitet og dermed tilgangen på arbeidskraft i flere vitale bransjer. En mulig følge er mer regionalt samarbeid for å sikre at land, for eksempel i EU/EØS-området, blir mindre sårbare for stans i globale leveransekjeder. Dette kan også stille de nordiske landene overfor vanskelige avveininger når det gjelder balansen mellom å forsterke europeisk integrasjon og bevare nasjonal selvråderett.

Arbeidsmarkedskonsekvensene av pandemien og prognosene for disse er i stadig endring. Så langt ser den økonomiske krisa ut til å følge en v-kurve, noe som tyder på rask oppgang når befolkningen er vaksinert og samfunnene kan åpne opp. Lave investeringsrater blant nordiske selskaper og mer langsom vekst hos de viktigste handelspartnerne kan imidlertid forsinke/

bremse oppgangen. Tidligere kriser har dessuten vist at selv om den økonomiske veksten tiltar raskt, så kan arbeidsledigheten henge igjen og sysselsettingen ta seg opp mye langsommere. Dette har sammenheng med omstillingene som kriser fører med seg, og at det tar lengre tid for arbeidstakere å finne nye jobber. Trolig vil oppgangen variere mellom land og regioner, avhengig av næringsstruktur, men den offentlige politikken vil spille en viktig rolle i å fremme kompetanseutvikling, yrkesmobilitet og arbeidsinkludering.

Et åpent spørsmål er om krisa vil forsterke de seinere års tendenser til lagdeling av de nordiske samfunnene og føre til mer ulikhet. Mange av de som har vært særlig rammet av nedstengningene, er grupper som befinner seg i jobber med lav lønn og atypiske arbeidskontrakter. I likhet med tidligere kriser risikerer en at ungdom igjen blir taperne. Høyt utdannede har i større grad vært skånet for krisa, noe som bidrar til å forsterke de skjeve fordelingsvirkningene. Tidligere kriser viser gjerne en vekst i atypiske arbeidskontrakter når økonomien tar seg opp igjen. I kombinasjon med en mulig langsommere vekst i privat tjenesteytende sektor kan krisa dermed innebære en ny omdreining i retning av et firefemtedelssamfunn.

### **Fremtidige utsikter for de nordiske modellene**

De nordiske modellene har ikke bare overlevd tidligere kriser, de har også vært viktige for å håndtere de samfunnsmessige utfordringene krisene har medført. Med økende ulikhet og gamle og nye utfordringer foran seg er det ingen selvfølge at de nordiske modellene vil overleve i fremtiden. I den avsluttende delen peker vi på noen mulige måter å håndtere de utfordringene fremtidens arbeidsliv innebærer. Snarere enn å lansere radikalt nye forslag tar vi til orde for en «back to basic»-tilnærming hvor nettopp grunnpilarene i de nordiske modellene rustes opp til å møte fremtidens arbeidsliv. På noen områder kan dette tale for en mer synlig statlig hånd og mindre spillerom for markedskreftenes «usynlige hånd» i arbeidslivspolitikken, men overordnet tror vi nøkkelen til å mestre overgangen til fremtidens arbeidsliv ligger i å videreutvikle og vitalisere samarbeidet mellom partene og staten så vel sentralt som lokalt. I deler av privat tjenesteyting vil det trolig kreve offentlige tiltak for å stimulere til økt organisering.

Tiltak både for å skape nye jobber og sikre at nordiske arbeidstakere kan tilegne seg den kompetansen som skal til for å fylle disse jobbene og få nødvendig støtte til å håndtere kravene til økt yrkesmessig og geografisk mobilitet, vil være kritisk. Tilsvarende vil styrket internasjonalt samarbeid være påkrevet for å fremme grønn omstilling og sikre en rettferdig skattlegging av multinasjonale selskaper.

Både partene og myndighetene har en viktig oppgave i å sikre robuste lønngulv for at nordiske arbeidstakere ikke utkonkurreres og støtes ut av arbeidslivet, og for å redusere ulikheter og omfordele verdier som igjen kan bidra til økt etterspørsel og økonomisk vekst. Mer solide kollektive institusjoner er dermed en nøkkel. Samtidig kan det være nødvendig å vurdere arbeidsrettslige justeringer for å hindre at enkelte nye grupper i arbeidsmarkedet blir stående uten beskyttelse. Tillit og likhet er både viktige forutsetninger for de nordiske modellene og resultat av modellene. For å stoppe utviklingen i retning av økte økonomiske forskjeller i de nordiske samfunnene vil det trenge mer kraftfulle strategier enn landene til nå har tatt i bruk, særlig siden utfordringene vil bli større fremover. Dette vil sette de nordiske modellenes slitestyrke og evne til institusjonell innovasjon på prøve. Samtidig har det alltid vært modellenes styrke.





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