

17 April 2017

## What LFS tells about changes in the labour markets – case of Finland

Working life is changing in many aspects: for example digitalization, ageing of the work force, uncertainty of work and flexibility – these all are themes under discussion. For statistical offices the question to be asked is how to measure the change. The change of work can be located either as a change in working conditions (digitalization, working capacity, competence, work process, working time, work-life balance etc.) or as a change in the labour market. In this paper I will concentrate on the latter and especially on changes on employment statuses. What kinds of changes there has been in the way Finns work?

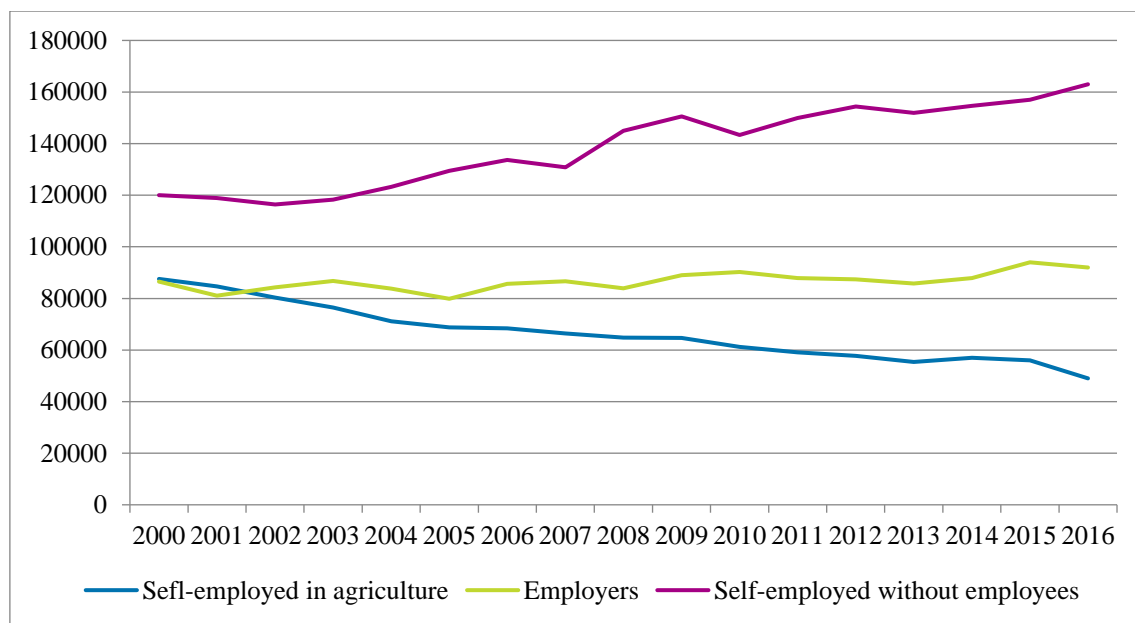
There are three different clear labour market trends in Finland. These are: first the increase of the number of the self-employed without employees, second increased of the number of people in part-time work and third new phenomenon of the zero-hour contracts. There are two possible views to present these kinds of labour market changes: either concentrate on proportions or on the numbers of persons with a certain type of employment status. In this paper the latter one is mainly used as the approach. This is to emphasize how many are affected by the phenomenon where the proportions show the structural changes of the labour markets. These structural changes are discussed shortly in the end of the paper.

### The increased number of self-employed without employees

As it is presented in figure 1 during the two last fifteen years the number of self-employed without employees has increased with around 43 000. The change has been rather slow but the trend is clear. At the same time the number of self-employed in agriculture has decreased. This is mostly due to fact that Finland joined EU in 1995 and this has had effects on agricultur.

17 April 2017

Figure 1. Number of self-employed without employees, self-employed in agricultur and employers 2000–2016, aged 15 to 64 years. Source: LFS, Statistics Finland

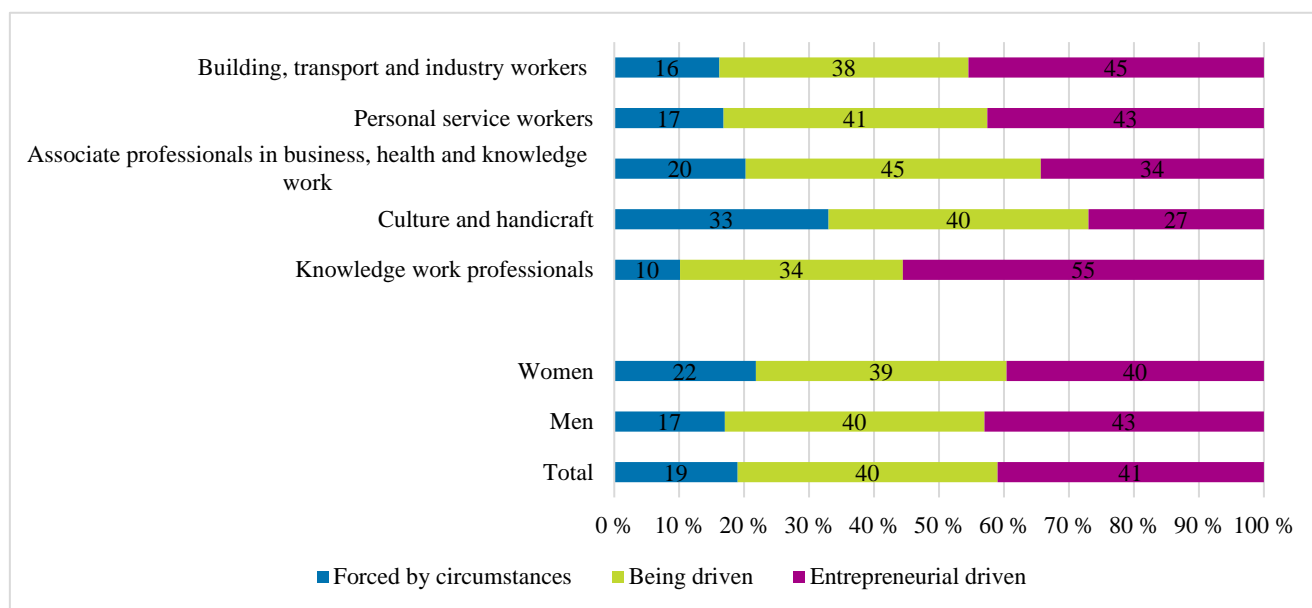


The fact that number of self-employed without employees (agricultur excluded) has increased, raises questions such as what is the reason behind this phenomenon? Is this so called “forced self-employment” or voluntary and wanted way to earn living? Are there any structural issues that would explain this?

At Statistics Finland it was carried out a separate survey *Self-employed without employees in Finland 2013*. In the survey its was among other things also examined how common so-called forced self-employment was. The path to self-employment was studied by presenting several statements such as “Paid work was not available and becoming self-employed made it possible to get employed”, “My employer told me that in future paid work would be bought from me as self-employed” and “I had thought about becoming self-employed and a suitable opportunity presented itself”. In order to get a bigger picture both the factor analysis and the sum variables were used in teh nalysis. The results are presented in figure 2. As can be seen around twenty per cent of self-employed without employees were “forced by circumstances” to self-employment. For majority of self-employed the reason to become self-employed was either “accidental”(40 %) or because of their own willigness (41 %).

17 April 2017

Figure 2. Three paths to self-employment. Factor and sum variable analysis. Self-employed by gender and occupational group. Self-employed without employees 2013, Statistics Finland



As it seems, the so-called “forced self-employment” is not that wide as it was expected to be. Thus, even though it has its own role in the phenomenon, it clearly cannot alone explain the increased number of the self-employed. What then could explain the trend? One reason could be increased use of sub-contractors and outsourcing. This applies especially to the industries such as construction and media. Sub-contracting creates markets to work done by the self-employed. More and more work is done in networks and chains of different actors. To this way of working self-employment suits very well. Secondly, also the breaks in work careers might explain this. If workers are more often in situation when they lose their job or are under threat to lose their jobs, this raises considerations what to do next: to study, to work as employees – or perhaps work as self-employed. The public image to work as a self-employed is very positive at the moment in Finland and it could be that the general atmosphere encourages to start to work as entrepreneur.

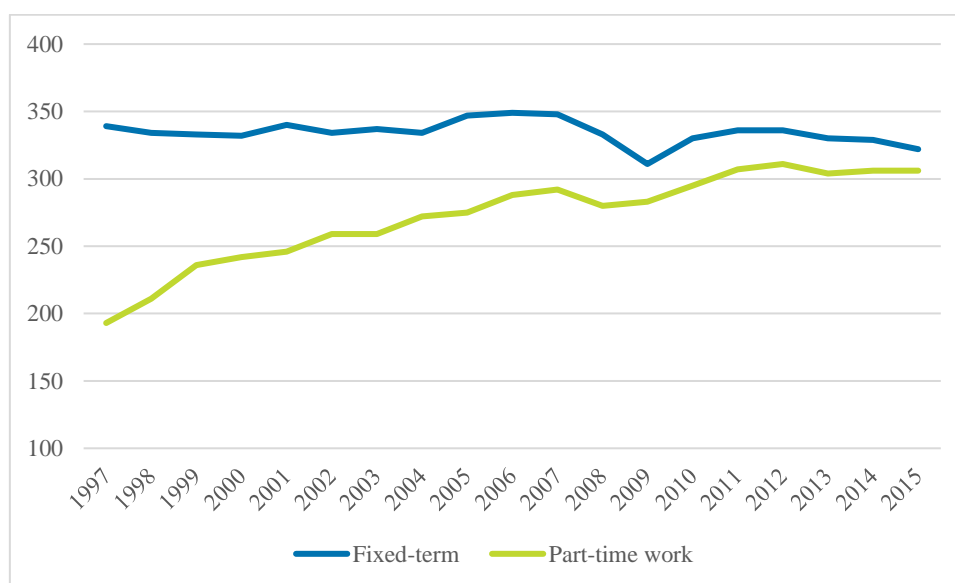
### Part-time work has also increased

In figure 3 it is presented both the number of persons in part-time work and with fixed-term contract. Fixed-term work was under wide discussion during the 1990's as the number of fixed term contract increased during the late 1990's. Since that there are changes made to legislation and fixed-term contracts are controlled tighter. For example chaining several fixed term contracts has become illegal. Around 68 per cent of the employees with fixed-term contract have this kind of contract unwillingly.

17 April 2017

The figure 3 shows very clearly that fixed-term contracts have become less common and at the same time part-time work has increased. One third of part time workers work on part-time basis because they have no managed to get a fulltime job.

Figure 3. Number of part-time workers and employees with fixed-term contract in Finland 15 to 64 years old. Source: LFS, Statistics Finland



The number of people in part-time work has increased by over 100 000 persons in around two decades. What is also interesting is that at the same time also number of people working less than 20 hours per week has increased by 74 000 persons. This change is mainly due to fact that after 1990's two major labour intensive sector, namely trade and food service activities, started to use part-time labour more commonly. Reason for this was liberalization of alcohol politic (more bars and longer opening hours) and joining EU which both meant increased competition. This reflect to need to cut down labour costs. The second issue was the introduction of the part-time pension which increased part-time work among older workers.

However, these issues do not explain why part-time work has continued to increase after mid 2000 onwards. There does not seem to be any clear explanation – except one possible factor: zero-hour contracts.

### Zero-hour contracts

With zero-hour contract it is meant a labour contract where the number of working hours is zero in minimum, for example 0 to 15 or 0 to 29 hours per week. A question on zero-hour contracts was added to LFS in Finland in 2014. The result was that here are 83 000 persons with zero-hour contract in Finland. This is four per cent of all employees. The number was consider to be a lot higher than

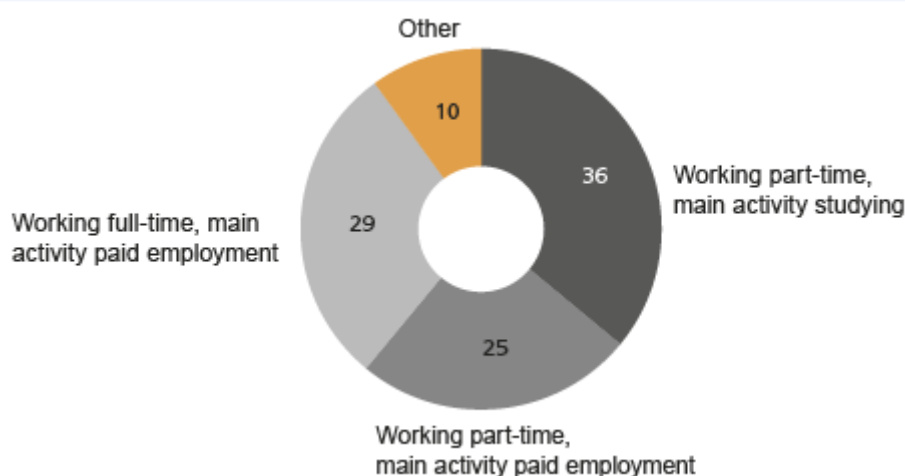
17 April 2017

what was the expectation. For example proportion of temporary agency workers is around one per cent. But who are these people with zero-hour contract?

Majority of them are young; around 65 per cent are under 30 years old. Majority of them are women (57 %) and they are mainly working in private sector.

In figure 4 it is presented all persons with a zero-hour contract divided first to full/part-time workers and then by their main activity (MAINSTAT). As we can see around one third are students working part-time (in average less than 12 h/week). It could be considered that for these zero-hour contract might not be that problematic. The second group is those part-time workers who also consider employment as their main activity (in average less 24 h/week). For this group the main reason to work on part-time basis is lack of fulltime work. Majority of them would also like to have more hours to work. The last group are those working fulltime, but having zero hour contract. These are mainly men working in industry.

Figure 4. Employees with zero hour contracts, 2014, %. Source: LFS, Statistics Finland.



The figure shows that there are indeed rather different groups within those with the zero hour contract.

## An overview

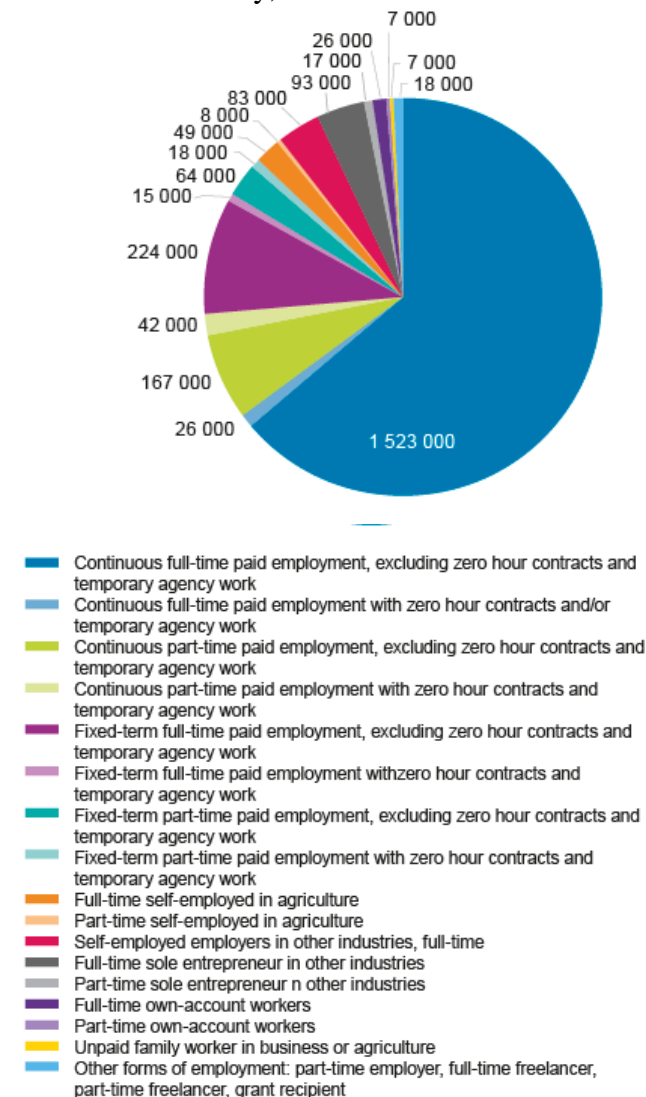
As presented above, there has been some clear changes in the labour market in Finland. But are these structural changes?

In figure 5 it is presented different form of employment as exact as possible in 2014. As can be seen around 65 per cent of employees are still working fulltime with a permanent contract. In fact this proportion has not changed at all during last fifteen years. So majority of Finns still have this “typical” form of employment. However, what has changed is the composition of the minority one third. The

17 April 2017

variation of the different ways of working – freelancer, self-employment, zero-hour contracts etc. – create a picture of very fragmentary field of work.

Figure 5. Different forms of employment, 15 to 64 employed aged 15 to 64 years 2014, Finland. Labour force survey, Statistics Finland



## The questions of the future

Above it is presented what kinds changes has happened in Finland at the labour market when different ways of working are examined. But what about the future? As we see it there at least two phenomenon that should be measured in the future. First one is work based purely on provision. The second is

Anna Parnanen  
Labour Force Survey  
Statistics Finland  
[anna.parnanen@stat.fi](mailto:anna.parnanen@stat.fi)

LFSWorkshop 2017  
Copenhagen, Denmark

**Memo**

7 (7)

17 April 2017

sharing economy or “gig economy”. The latter one is examined first time this year 2017. In LFS for some rotation there is a question whether one has got any earnings through platforms. The operationalization of the question is really difficult since it is not quite clear what actually should be measured...challenges of the future.