

# Nordic COVID-19 Relief packages for freelancers and wage earners: When inclusive measures fragments

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## **Abstract**

The Nordic countries introduced a series of relief packages to support workers and companies during the Corona crisis. This article offers insights into the preliminary impact of the corona crisis on the Nordic labour markets and examines how the Nordic government’s relief packages cover distinct groups of workers including freelancers and start-up companies in Denmark, Finland, Iceland, Norway and Sweden, covering the period from March to August 2020. Analytically, we draw on the welfare and segmentation literature and posit that the characteristic of the Nordic relief packages – universal contrasting targeted measures - contribute to shaping distinct segmentation tendencies. Norwegian, Finnish and Icelandic relief packages appear to more inclusive and thus contribute to reducing risks of labour market segmentation in times of crisis. By contrast, the Danish and Swedish relief packages seem to contribute to increased inequalities, notably as non-standard workers often struggle to qualify for support.

Keywords: Corona crisis, Freelancers, non-standard work Nordic relief packages, start-up companies

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## 1 Introduction

What happens if I get sick, laid off, lose my contract and how do I pay my bills? These are questions often raised by many workers during the Corona crisis. Nordic governments have launched more than 130 relief packages and made numerous amendments to their social and employment protection schemes to help workers and companies including freelancers and start-up companies to cope with the Corona crisis. These measures were often developed in close collaboration with social partners and with broad support of other political parties. The Nordic relief packages differ in many ways from the type of stimuli seen during the financial crisis in 2008, not least because they cover broader groups of workers and companies like non-standard workers and offer innovative solutions to protect them. The Nordic relief packages have helped many workers and companies, but there are also groups struggling to access these various relief packages even those specifically targeted these groups.

This paper offers insights into the preliminary impact of the corona crisis on the Nordic labour markets. It examines how the Nordic government's relief packages cover workers in Denmark, Finland, Iceland, Norway and Sweden. Our research question is how distinct groups of workers such as non-standard workers, freelancers and start-up companies vis a vis "standard" workers (individuals with full-time open-ended contracts) are covered by the relief packages in the individual Nordic countries, covering the period from March to August 2020. We draw on interviews with key stakeholders and labour force survey data in each of the Nordic countries and triangulate our data with policy documents, social partners' position papers and parliamentary debates. Analytically, we seek inspiration from the segmentation literature and welfare state literature to explore, if the Nordic relief packages contribute to reduce, maintain, reinforce or increase labour market inequalities in times of crisis. Inequalities are here understood as if certain groups of employed people are less protected than others by the Nordic COVID-19 relief packages.

We find that although all five Nordic governments' relief packages aimed to unite people by creating an encompassing safety net, even for those on the outskirts of the Nordic labour markets, the reforms seem to have exposed and in some instances reinforced the cracks in the Nordic systems. Certain groups, notably solo self-employed, temporary workers and part-time-workers with few hours were especially exposed to job loss. They were often left with limited if no social protection despite Nordic governments innovative solutions and ongoing adjustments, but more so in some of the Nordic countries than others. The type policy measures adopted in the individual Nordic countries – universal and targeted support - seem to contribute towards differing levels of social protection and thus signs of segmentation. We argue that Nordic governments relying on universal policy measures by temporarily suspending the usual eligibility criteria for income/unemployment support and expanding

the coverage of their various relief packages and thus cover more groups of workers are more likely to contribute to reducing risks of segmentation (Jacques and Noel, 2020; Esping-Andersen, 1999). By contrast, Nordic governments that have targeted their relief packages and lowered rather than suspended restrictions for income support are expected to contribute to increased inequalities as non-standard workers may struggle to access the different crisis-ridden measures due to their patchwork and often fluctuating income.

The paper is structured as follow: Firstly, we develop an analytical framework with inspiration from the segmentation and welfare state literature, before presenting the used methods and data. We then briefly examine how the Corona crisis has impacted the Nordic labour markets, before analyzing how the Nordic COVID 19 relief packages covered distinct groups of workers. Finally, conclusions are drawn based on a comparative discussion of our findings.

## **2 Non-standard workers in times of crisis – literature review and key concepts**

Ample research has explored the effects of the corona crisis, often with a particular focus on specific groups of companies and workers like women, young people, non-standard workers and small and large companies (Rubery and Tavorra, 2021; Kraus et al. 2020; Fana et al. 2020; Cooke and Grimshaw, 2020). The Corona crisis differs from past economic crises as it is both a health and economic crisis. It has especially affected sectors like private services, which during past economic recessions often absorbed unemployed from other crisis-ridden parts of the labour market (Eichhorst et al. 2020). Different studies have also examined national governments, social partners, companies and individual workers' responses to the pandemic, including how these compare with the responses from the financial crisis in 2008 (Branch and Cardoso, 2020; Podvršič et al. 2020; Greve et al. 2020). Nordic Covid-19 relief packages and their implications for non-standard and standard workers is less researched, including how distinct policy measures – universal contra targeted relief packages - may shape labour market segmentation. This paper contributes to this literature by offering novel insights into the dynamics between the Nordic relief packages and individual's job and income security. We draw on the welfare and segmentation literature to provide us with analytical concepts to better apprehend how the Nordic relief packages contribute to labour market segmentation.

To better apprehend the dynamics between the Nordic relief packages and individual's income and job security, we seek inspiration from Barton et al. (2020) that distinguish between different situations. We identify four ideal types of potential segmentation tendencies that are not mutually exclusive Each situation may contribute to reinforce, maintain, increase or reduce labour market

inequalities due to the distinct groups' different starting point and the dynamics between the relief packages and the labour market (Table 1).

**Table 1: Nordic relief packages and labour market segmentation tendencies**

	<i>Standard- employment (full-time open-ended contract with 30+ weekly working hours)</i>	<i>Non-standard employment</i>
<i>Targeted relief packages</i>	<i>a) Reinforces segmentation tendencies</i>	<i>b) Increase segmentation tendencies</i>
<i>Universal relief packages</i>	<i>c) Maintain segmentation tendencies</i>	<i>d) Reduce segmentation tendencies</i>

Source: Inspired by Barton et al (2020).

*The first situation (a)* combines a full-time open-ended contract with targeted relief packages. Targeted relief packages for standard workers combined with the income and job security typically associated with standard employment are expected to strengthen standard workers' position and protection on the labour market. A full-time position often entails a certain notice period and other social benefits compared to other employment forms. In this situation, the targeted relief packages may thus contribute to reinforce segmentation.

*The second situation (b)* illustrates targeted relief packages aiming to protect non-standard workers that "normally" are less covered by much employment and social protection. However, targeted support is often subject to various eligibility criteria, whereby some groups may struggle to gain access, even if the relief packages are explicitly targeting them. Targeted relief packages may therefore contribute to increased segmentation despite the intentions to reduce inequality, notably if the measures are not adjusted to non-standard workers' situation.

*The third situation (c)* depicted combines standard employment with universal relief packages that are neither subject to means-testing nor employment status, but only partly cover lost income. This may influence the individual's job and income security as a permanent and well paid job may protect against a significant income loss, even if the relief packages only partly cover lost income (Podvršič et

al. 2020). In this situation, the universal relief packages may contribute to maintain labour market segmentation.

*The last situation* (d) combines non-standard work with universal relief packages that secures a reasonable income or job security without consideration for the individual's means and employment status. Such universal benefits may reduce inequality and in some instances even protect people against an insecure situation (Eichorst et al. 2020). Therefore, universal relief packages may reduce segmentation as everybody - irrespectively of their eligibility to social protection under the "normal" system - are covered by the relief packages.

### **3 Research design**

This paper analyses the dynamics between the COVID 19 relief packages and labour market segmentation in Denmark, Finland, Iceland, Norway and Sweden. The country case studies are selected based on a "most-similar case design" (George and Bennett 2005). The Nordic countries share a number of similarities such as their universal welfare states, collective bargaining traditions and social protection (Esping-Andersen, 1999). Their share of non-standard work is fairly similar with nearly one in three of all employed people being non-standard workers. All five countries have also adopted different relief packages to protect Nordic companies and workers. The Corona crisis resembles in many ways the extreme case to test the Nordic social and employment protection for standard and non-standard workers (Flyvbjerg, 1996). The Nordic intentions have been to protect as many workers as possible, but ample research suggests that economic crises often have asymmetrical effects with non-standard workers being less protected.

Each country case study draws on interviews, policy documents, parliamentary debates and other relevant material such as data from the Nordic LFS, national job centers and relevant public authorities that administrates the relief package. Interviews were conducted online via Teams, Zoom or telephone from Spring 2020 to Spring 2021. All interviews were transcribed, coded and analysed through the main concepts presented in the analytical framework.

Our focal point is the relief packages that explicitly aim to protect standard and non-standard workers including freelancers and start-up companies, well-knowing that other relief packages may also indirectly influence workers' job and income security. We examine each of the five Nordic countries' temporary lay-off schemes (furlough/short-time work), temporary changes to their social protection systems and policies for freelancers and solo self-employed along with the take-up rates covering the period from March 2020 to August 2020.

#### **4 Nordic labour markets during the Corona crisis**

The Nordic economies were hit hard by the Corona pandemic with historical dives in GDP that were accompanied by severe drops in employment, rising unemployment rates and threats of company closure in Spring 2020 (Eurostat 2020a). Sectors such as retail, creative industries, tourism, hotel and restaurants were particularly hard hit, but since then an increasing number of sectors were affected by the Corona crisis. This contributed to a general economic downturn with drops in GDP of -9,3% in Iceland, -8,6% in Sweden, -7,4% in Denmark compared to -5,1% i Norway and -4,5% in Finland in the first two quarters of 2020 (Eurostat 2020a). In addition, more than 80,000 workers in Denmark, 124,000 in Finland, 210,000 in Norway, 118,903 in Sweden, and 49,000 in Iceland lost their jobs or were temporary dismissed and registered themselves as unemployed in March 2020. In April and May 2020 even more followed (STAR 2020c; NAV 2020a; MEAE 2020d; Government of Iceland 2020b; Arbetsförmidlingen 2020a).

Young people, lower skilled and non-standard workers were particularly hard hit by the crisis (STAR 2020c; Bratsberg et al. 2020; MEAE 2020d). Many worked in some of the most crisis-ridden sectors with more than one in two being non-standard workers in the Nordic creative industry, hotel and restaurant sectors. Solo self-employed and temporary agency workers were also hard hit in March and April 2020 and in some instances even harder than during the 2008 financial crisis (WEC 2020; Eurostat, 2020).

Besides the risks of dismissal, many non-standard workers were also without much social protection. Access to unemployment benefits and sick pay often depends on membership of an unemployment insurance scheme, accrued working hours and past employment record. The eligibility criteria entails therefore that non-standard workers, notably part-time workers with few hours, fixed-term workers with short contracts, freelancers and solo self-employed often struggle to access social protection, if suddenly dismissed or in other ways losing their income. Freelancers and solo self-employed also have to document loss of income and close down their business, before they qualify for support, although marked cross-country variations exist. For example, solo self-employed are not entitled to unemployment benefits in Norway. The groups hardest affected by the Corona crisis tend therefore to be those already with limited or no protection from the existing systems.

#### **5 The Nordic COVID 19 relief packages**

The Nordic governments have initiated more than 130 relief packages to mitigate the financial and social effects of the corona crisis. These relief packages have often been developed in close collaboration with social partners and with broad support of other political parties. They not only encompassed companies and employees characterized by standard employment, but also targeted non-standard workers, freelancers and start-up companies. Next, we briefly examine the policy responses developed by individual Nordic governments with a particular focus on their coverage of non-standard and standard workers.

## 5.1 Denmark

### *Temporary lay-off schemes*

Temporary lay-off schemes are well-known Danish crisis tools. However, two novel temporary lay-off schemes (the wage compensation scheme and legislative furlough scheme) were introduced and co-existed alongside the traditional furlough scheme which is exclusively regulated through collective bargaining. All three schemes are based on tripartite agreements by the Danish government and social partners and aim to safeguard jobs, but their basic principles differ profoundly. The wage compensation scheme targets companies having to dismiss at least 30% of their workforce or 50 or more employees. The state then financially covers up to 90% of employees' wages with a pay cap of DKK 26,000 per month, provided the companies do not lay-off people. The affected employees receive their normal salary while the company covers the wage losses. The mechanisms of the traditional and legislative furlough scheme differ in that crisis-ridden companies may reduce the working time of their staff with 50-80%, provided they do not lay-off people. Workers covered by the scheme may qualify for unemployment benefits for lost hours, if meeting the eligibility criteria (STAR 2020). It is the individual worker, not the company that covers the potential wage loss under both furlough-schemes. However, the government temporarily relaxed the requirement for membership of an unemployment insurance scheme, increased benefit levels, but only for temporary laid-off workers under the legislative and not the traditional furlough scheme. However, the eligibility criteria requesting a certain number of accrued working hours continued to apply for both schemes (BM, 2020).

The differing levels of compensation and conditions along with the fact that only permanently employed are covered by the three schemes entail that many non-standard workers- nearly one in three on the labour market and in some sectors nearly one in two - are only partly covered and in most instances without job- and income protection from the schemes. Many non-standard workers

may also struggle to qualify for social protection if covered by the schemes as they rarely meet the eligibility criteria (Table 2). TAWs were particularly hard hit as they cannot form part of the schemes neither via the user company nor the temporary work agency (TWA). Moreover, many unemployment insurance schemes do not consider TAW's unemployed as many often are registered with the TWA's. Therefore, the Danish temporary lay-off schemes resemble targeted support that primarily protect standard workers and may thus reinforce segmentation. This is further underpinned by the Danish government reportedly being well aware of the situation of TAWs, but abstained from expanding their schemes to this group, which seemingly reinforced inequalities.

#### *Temporary changes to social protection*

To address some of the exposed cracks in the Danish social protection, the government relaxed the eligibility for income support. The rights to unemployment benefits and sick pay were prolonged for unemployed and people on sick leave, while larger student loans were granted. The government also temporarily suspended that recipients of social assistance need to comply with the so-called 225 rule of paid work to qualify for support. Parents with ill children, chronically ill, workers at increased risks for seriously illness as well as workers infected by COVID-19 and their relatives gained rights to paid leave, if eligible for sick pay (BM 2020a). These temporary changes of expanding social protection point to universal relief packages that seek to reduce inequalities. However, the governmental decision to maintain several of the "normal rules" for unemployment benefits and sick pay point in a different direction. "Ordinary" unemployed were not covered by temporary rule changes of increased levels of unemployment benefits. They were also unable to utilize the rule changes that temporary suspended the requirement for membership of an unemployment insurance scheme and had similar to people on sick leave to comply with usual rules on accrued working hours for support. This reflects a more targeted than universal approach that may contribute to maintain if not increase inequalities with notably non-standard workers with few hours struggling to qualify for these schemes.

#### *Support for solo-self-employed and freelancers*

Measures were also introduced to explicitly support solo self-employed, freelancers and artists and they resemble examples of innovative measures. The relief packages cover up to 75% of these group's lost revenue with a cap of 23.000 DKK per month, if they can document that an income loss of 30% of their revenue. However, certain conditions apply and they vary between the groups. To qualify for financial support, solo self-employed and freelancers have to document not only loss revenue, but



also that they on average have had a minimum income of DKK 10.000 per month within the last year (Erhvervsstyrelsen 2020). The threshold is lower for artists, who only have to document a total annual income of DKK 100.000 and not a monthly minimum income besides their loss of income (Slot and Kulturstyrelsen 2021). Thereby, the schemes seem to help groups not covered by the “ordinary” system, but the eligibility criteria makes it difficult for those with fluctuating income to receive support, which implicitly contribute to increased inequality.

## **5.2. Norway**

### *Temporary lay-off scheme*

The Norwegian temporary lay-off scheme differs in many respect from the Danish schemes, although there are also some similarities. Similar to Denmark, temporary laid off workers in Norway may be entitled to unemployment benefits covering lost earnings, provided the company do not lay off people and the affected workers continue to work 40% or less of former work hours (NAV, 2020a). However, and unlike Denmark, the Norwegian government together with social partners decided to extend the scheme to distinct employee groups, temporarily suspended many of the restrictions to unemployment benefits and increased benefit levels from 80% of former earnings to full wage compensation for the first 20 days after being temporarily laid off (NAV, 2020a). All workers, including on-call-, part-time- and fixed-term workers, but with the exception of solo self-employed and freelancers, can be covered by the Norwegian temporary lay-off scheme when introduced at their workplace. They also qualify for full-wage compensation irrespectively of their rights to unemployment benefits, but only for the first 20 days and hereafter the “normal” system kicks in (Seip, 2020; NAV, 2020a). Thus, Norway adopted a more universal solution than Denmark as both standard and non-standard workers with a few exceptions were covered by the job- and income protection offered by the Norwegian scheme when temporary laid off. This may contribute to reduce segmentation at least in the first weeks of lay-offs, notably as the Norwegian scheme offer similar conditions, including full-wage compensation to all temporary laid off workers. For groups such as freelancers, solo self-employed and “ordinary” unemployed that are not covered by the scheme, the Norwegian government introduced temporary changes to their social protection schemes.

### *Temporary changes to social protection*

In Norway, the “ordinary” restrictions to unemployment benefits and sick pay were temporary suspended (Ministry of Finance, Norway 2020a). This entailed that all unemployed, even non-members of the unemployment insurance scheme and those like non-standard workers often struggling to qualify for unemployment benefits are covered (Seip 2020; NAV 2020a). This is unique and seems to reduce risks of inequality. In Norway, the level of unemployment benefits is usually earnings-related, and only workers with an annual income above 149.787 NOK, who are members of the unemployment insurance scheme, qualify for support (NAV 2020d). Therefore, the Norwegian universal approach towards social protection seems together with the temporary lay-off scheme to contribute to reduce risks of segmentation with both “ordinary” unemployed and temporary laid off workers receiving compensation irrespectively of their rights to unemployment benefits under the “ordinary” system. Other measures also reflect this universal approach such as the temporary social assistance for person outside EU/EEA area staying in Svalbard, the increased access to student loans and the extended rights for parents to paid caring days (from 5 to 10 days) which also apply to solo self-employed and freelancers (Ministry of Finance, Norway 2020a). However, the kick-in of the ordinary unemployment insurance scheme after the first 20 days reflects a more targeted than universal measure. Only unemployed, similar to temporary laid off workers, can then receive the earnings-related unemployment benefits, if eligible (Seip 2020). Therefore, non-standard workers like TAW, and on-call workers may not qualify for unemployment insurance after the first 20 days. This may contribute to maintain or even increase segmentation since non-standard workers were more likely than standard workers to be laid off during the crisis (Statistics Norway, 2020). However, the Norwegian “ordinary” system operates with lower income thresholds and thus appears more inclusive and universal than for example the Danish system (Table 2). There are also areas, where Norwegian schemes seems less inclusive: solo-self-employed and other self-employed persons are not entitled to unemployment benefits under the ordinary system (NAV 2020b).

#### *Support for solo self-employed and freelancers*

To address the cracks in the Norwegian social protection, a temporary compensation scheme was introduced for unemployed freelancers and self-employed. With the exception of freelancers, self-employed are usually without rights to unemployment benefits in Norway. The temporary compensation scheme also offers paid sick leave to freelancers and self-employed from their fourth day off sickness compared to the 17<sup>th</sup> day pre-COVID-19. This access to income support is novel in Norway as it allows self-employed and freelancers to receive up to 80% of their lost income, provided they have had an annual income of NOK 74,849 from their self-employed or freelance business. For

start-ups or newly established freelancers, more flexible rules apply for calculating their past earnings and income loss (NAV 2020e). This temporary scheme combined with the other Norwegian relief packages point to a series of novel measures which also cover non-standard workers that usually are not entitled to financial support in case of unemployment (solo self-employed) or who may struggle to qualify for income support if dismissed (freelancers). The decision to opt for universal rather than targeted support seems to cover more groups and thereby implicitly contribute to reducing inequalities.

### **5.3 Finland**

#### *Temporary lay-off scheme*

The temporary lay-off scheme has been a central crisis response. Under the traditional scheme, crisis-ridden companies can temporarily lay off people up to 90 days and the affected workers can top up their lost hours with unemployment benefits, if meeting the eligibility criteria. During the Corona crisis, the scheme was extended to temporary workers, who under the ordinary rules cannot be temporarily laid off or dismissed. The job protection for laid off workers was also extended from 90 days to nine months and access to the employment and social protection relaxed (Government of Finland, 2020). All temporary laid off workers were entitled to unemployment benefits for up to 90 days. Access to unemployment benefits typically requests that temporarily laid off are members of an unemployment insurance scheme and is tied to past employment records, including a certain number of accrued working hours, but these rules were temporarily suspended. The Finnish schemes appears therefore more universal than the targeted Danish - schemes as both non-standard and standard workers are covered by the job- and income protection offered by the Finnish schemes. However, the Finnish schemes appear less generous than the Norwegian scheme, where temporary laid off receive full wage compensation. In Finland, temporary laid off workers lost earnings are only partly compensated and the benefit levels are earnings-related, but with a guaranteed minimum benefit floor for all affected workers (Sippola 2020). The Finnish scheme with its universal approach may cover more workers and thus contribute to reduce inequalities by protecting all a certain income and job security irrespectively of their rights under the ordinary system. However, the earnings related unemployment benefits may contribute to maintain or even increased inequality as employment benefits only partly cover lost earnings.

#### *Temporary changes to social protection*

To protect most workers, the Finnish government temporarily suspended many of the “usual” eligibility criteria for social protection. Similar to temporary laid off workers, all “ordinary” unemployed, including groups like students, fixed-term workers, TAWs, part-time workers and self-employed, gained the immediately rights to unemployment benefits from their first day as unemployed and could receive up to €65 per day for 90 days (Kela 2020b). These temporary changes with their universal approach seem to reduce inequalities in the case of dismissal or lost orders: All – both standard and non-standard workers - are guaranteed a certain minimum income the first 90 days of unemployment. This universal and encompassing approach is also reflected in other measures. In relation to sick pay, workers that have been quarantined under the Communicable Diseases Act received full wage compensation whereby non-standard workers that usually may not qualify for sick pay were entitled to compensation while on sick leave. A family allowance of €723 per month was granted to parents unable to work due to closed schools, day-care or care facilities (STTK 2020; Finnish Government 2020). However, there are also other policy measures that point in a different direction of maintaining if not reinforcing risks of segmentation. After the first 90 days of unemployment, the ordinary unemployment insurance system kicks in, which is characterized by targeted support that is subject to various eligibility criteria. However, Finland temporary lowered the eligibility criteria for unemployment benefits to cover workers usually struggling to qualify for support under the “ordinary” system (Government of Finland, 2020). Despite these good intentions, many non-standard workers with fluctuating earnings or few hours may still struggle to qualify for unemployment benefits

#### *Support for freelancers and solo-self-employed*

Several temporary relief packages were introduced for freelancers, solo self-employed and entrepreneurs. The rule changes entailed that all crisis-ridden freelancers and solo-self-employed with a monthly income of less than €1,089 gained temporary access to unemployment benefits without having to close down their business activities (Kinnunen 2020). They could also claim financial support of €2,000 to cover fixed expenses like rent, besides their temporary rights to unemployment benefits, provided they were registered as solo self-employed or had entrepreneurial income of less than €20,000 per year (Government of Finland, 2020). These schemes are fairly novel in that self-employed “usually” have to suspend their business activities and similar to employees comply with various criteria to qualify for unemployment benefits (Government of Finland 2020). Thereby, the large share of freelancers and solo self-employed, who had lost orders; and usually struggle to qualify for unemployment benefits were now covered by the new temporary measures (Government of Finland 2020; Kela 2020b). These targeted relief packages reflect together with the other Finnish

measures a mix of targeted and universal measures that aim to protect groups that under the normal system are less covered by the Finnish model.

#### **5.4 Iceland**

##### *Temporary lay-off scheme*

The Icelandic temporary lay-off scheme is based on a tripartite agreement between the government and social partners. It is novel as Iceland has no tradition for such schemes (OECD, 2011; Hansen et al. 2021). The Icelandic scheme differs from the arrangements introduced in the other Nordic countries as not only crisis-ridden companies and their employees, but also solo-self-employed and freelancers can be covered by the Icelandic scheme, if adhering to the eligibility criteria. Crisis-ridden companies may temporarily reduce employees' working hours with up to 75% in return of not laying off people (Directorate of Labour 2020b). Affected workers that reduce their working hours with more than 20%, but continue to work 25% (later 50%) of their usual weekly working hours are eligible to unemployment benefits. The benefit levels are earnings-related for groups with an income higher than ISK 400,000 per month and cover up to 90% of temporary lay-off workers' former wages with a salary cap of ISK 700,000 per month (The Government of Iceland 2020a). Thereby, the compensation level is higher than the usual unemployment benefits, notably for the low wage groups, who receive full-wage compensation. The scheme also applies to part-time workers, students, migrant workers with temporary work permits, solo self-employed and freelancers. In the case of solo self-employed, it is only self-employed persons with substantial reductions in their operations and changes to their estimated income that qualify for the scheme (Directorate of Labour, 2020b). The Icelandic scheme appears therefore more encompassing than the other Nordic countries as also freelancers, solo-self-employed and temporary migrant workers are covered. Thereby, the Icelandic arrangement may contribute to reduce risks of inequalities between distinct groups of workers as all are covered by the income and job protection outlined in the scheme. The specific measures implemented to protect low wage workers who receive full wage compensation while those with higher earnings qualify for 90% of lost earnings reflect both universal and targeted measures that aim to protect all, including those on the margins of the labour market.

##### *Temporary changes to social protection*

The Icelandic government also relaxed access to social protection, private pensions savings and introduced a one off means-tested family allowance to all parents with children under 18 years, along

with targeted support to students, chronically ill and disabled people (Government of Iceland, 2020a; 2020b). These rule changes reflect a mix of universal and targeted support. The relaxed access to sick pay guaranteed all workers in quarantine rights to full-wage compensation, which points to universal measures that seek to cover groups usually struggling to qualify for sick pay and thus reduce inequalities (Prime Minister's Office 2020). The changes to the unemployment insurance scheme reflect targeted measures often aimed at the poorest and most vulnerable groups. The Icelandic government decided to prolong the period for unemployment benefits, increase the lowest and highest benefit levels, along with raising the thresholds of means-tested allowances for unemployed with children. Besides these changes, many of the usual eligibility criteria to qualify for unemployment benefits remained in force. This points to retaining segmentation as groups that already struggle to qualify for unemployment benefit may continue to do so under the relief packages (Government of Iceland, 2020g, Labour inspectorate, Iceland, 2020x). New opportunities were also introduced to help ordinary unemployed return to paid work. Crisis-ridden companies can apply for government support covering parts of their laid-off staff's salaries during their notice periods for up to three months, if the company guarantees to re-employ their dismissed workers and retains their accrued rights (Government of Iceland 2020c). This job guarantee seems to be yet an example of universal measures aimed to reduce inequalities by giving ordinary unemployed similar rights to job security as their peers under the Icelandic temporary lay-off scheme.

#### *Support for Freelancers and Solo-self-employed*

Besides covering freelancers and solo-self-employed through the temporary lay-off scheme, the Icelandic government also decided to relax the eligibility criteria for freelancers and solo self-employed's access to unemployment benefits and sick pay. All freelancers and solo self-employed can apply for unemployment benefits without having to close down their business which is the usual practice in Iceland, but otherwise many of the usual eligibility criteria remained in force. Moreover, all quarantined freelancers and solo self-employed were - similar to employees - guaranteed rights to sick pay covering up to 80% of their average monthly income with a cap of ISK 633,000 per month or ISK 21,100 per day (Prime Minister's Office 2020). Thereby, Iceland introduced measures that cover all workers, including non-standard workers in case they fall ill or are quarantined due to COVID-19. The Icelandic relief packages with their combination of universal and targeted measures appear thus to protect groups that under the ordinary system often are less covered or even without social protection, which may contribute to reduced labour market segmentation.

## 5.5 Sweden

### *The temporary lay-off scheme*

The temporary lay-off scheme was one of the main relief packages to protect Swedish workplaces. The scheme enables crisis-ridden companies to retain employees by reducing their working hours with up to 80% covering only the period May to July 2020, provided they do not lay-off people and otherwise comply with the eligibility criteria. The Swedish scheme targets similar to the Danish wage compensation scheme the company as the financial support is paid to the crisis-ridden company and not the worker via the unemployment insurance scheme. The Swedish government covers up to 75% of the affected employees' wages and thus ensures that these employees receive more than 90 % of their wages with a pay cap of SEK 44,000 per month (Tilväxtverket 2021). Thereby, it is both the crisis ridden company and their workers that partly cover the individual's income loss. The Swedish scheme covers in principle all employees, including non-standard workers, but explicitly excludes solo-self-employed, platform workers and freelancers, unless they have employee status (Tilväxtverket 2021). Moreover and unlike Denmark, TWAs , may introduce a temporary lay-off scheme at the agency and if the TAW's are permanently employed at the agency, they too are covered by the scheme (Berglund, 2021). However, the Swedish regulation mandates crisis-ridden companies to minimize labour costs by for example laying-off non-standard workers such as temporary workers to qualify for support through the scheme (Tilväxtverket, 2020b). Thus, the Sweden seems similar to Denmark to mainly protect standard workers against unemployment and income insecurity, while non-standard workers are not necessarily guaranteed protection by the scheme. Instead, they may risk losing their job or assignments for the company as companies seek to protect their permanent staff which may contribute to reinforcing if not increasing segmentation.

### *Temporary changes to social protection*

Part of the Swedish policy measures were as well that access to sick pay and unemployment benefits was temporarily relaxed and novel social benefits introduced. New rights to a temporary preventive sickness benefit and disease carrier allowance were introduced, which provided paid leave for up to 90 days for all workers, including self-employed and casual workers if in a high risk group, infected or suspected infection with COVID-19 (Gustafsson 2020; Ministry of Finance Sweden 2020a). These measures reflect a universal approach toward paid sick leave, where everybody irrespectively of their rights to sick pay under the "ordinary" system qualify for support and may thus contribute to reducing inequalities. However, other responses such as the temporary changes to the unemployment benefit scheme seem to follow a more targeted approach. For example, the eligibility criteria for

unemployment benefits were lowered and the minimum and maximum benefit levels increased to provide greater income security for unemployed that under the ordinary system often struggle to qualify for support both before and after the first 100 days as unemployed (Government of Sweden, 2021x). More specifically, the requirement for membership of an unemployment insurance scheme and the number of requested past working hours were lowered to ease access to unemployment benefits (Gustafsson, 2020). However, many non-standard workers, notably those with fluctuating income and few hours continue to struggle to meet the relaxed eligibility criteria of 17, 6 weekly working hours over the last six months (Government of Sweden, 2020c). Thereby, the different legal changes with their targeted approach seem to contribute to maintain if not increase inequalities, as some of the most exposed groups are not protected by relief packages in case of unemployment.

#### *Support for solo-self-employed and freelancers*

Registered solo self-employed and freelancers acquired rights to two weeks paid sick leave and their access to unemployment benefits were relaxed (Gustafsson 2020). The ordinary requirements that solo self-employed and freelancers had to close down their business activities to qualify for unemployment benefits were temporary suspended. Also the rule that unemployed freelancers and solo self-employed's were unable to re-apply for unemployment benefits within the next five years period was also temporary suspended (Gustafsson 2020). These legal changes reflect a targeted approach, except for the rule changes regarding paid sick leave, and thus point to maintaining segmentation, although access to social protection was eased and the benefit levels increased.

## **6. Conclusion**

Nordic governments have launched different relief packages, combining universal and targeted measures to expand the coverage of social and employment protection to groups often working on the outskirts of the labour markets. It seems that the Corona crisis has not only tested the safety net around Nordic standard and non-standard workers, but also pointed to cracks in the Nordic systems. This has led to innovative policy responses in all the Nordic countries and continuous adjustments of the relief packages to protect as many workers as possible. However, in some instances the very same policy measures have exposed and reinforced the cracks in the Nordic social protection. It is still too early to assess the long-term effects of the relief packages, but our analyses imply that some measures have been more successful than others when measured in terms of take up rates and coverage. We analytically distinguished between 1) two types of relief packages (universal contrasting targeted



support) and 2) two groups of workers (standard contrasting non-standard workers) with the expectation that the dynamics between the composition of the relief packages and the target groups may contribute to increase, reinforce, retain or reduce risks of labour market segmentation.

Our analyses indicate that the combination of universal and targeted policy measures in the individual Nordic countries seems to affect standard- and non-standard worker's access to income and job security. The cross-country variations are often tied to the differing eligibility criteria in the universal and targeted relief packages. Non-standard workers seem less likely to qualify for support through the targeted relief packages than if they are covered by universal relief packages. Norway, Finland and Iceland have to a greater extent than Denmark and Sweden relied on universal measures. Several of the ordinary eligibility criteria were temporary suspended in Norway, Finland and Iceland and many of the existing temporary lay-off- and social protection schemes were expanded to all groups of workers, including non-standard workers. Innovative measures were also introduced for freelancers and solo self-employed. These relief packages thus seem to contribute to reduced risks of labour market segmentation which may also have vital long-term effects in the post-corona period. For example, the relaxed access to unemployment benefits may positively encourage more workers to join the Finnish, Icelandic and Norwegian unemployment insurance schemes and perhaps expand the coverage of social protection to more non-standard workers. By contrast, the targeted support for freelancers and solo self-employed may have the opposite effects and increase risks of segmentation, notably if groups struggle to utilize the different relief packages due to complex and bureaucratic rules.

Sweden and notably Denmark has often relied on targeted relief packages primarily to protect standard workers, although there also are examples of innovative measures in the two countries that seek to protect non-standard workers. However, many Danish and Swedish non-standard workers experience to be less covered by the safety net provided by the relief packages despite the good intentions. The Danish and Swedish relief packages seem therefore to contribute to reinforcing if not increasing existing risks of segmentation. Denmark and Sweden decided not to utilize to the same extent as Norway, Finland and Iceland, the Corona-crisis to expand the universal welfare protection to include more non-standard workers. Instead, there are examples of innovative measures for freelancers and solo-self-employed as seen in the other three Nordic countries, which may serve as inspiration for future policy solutions for these groups. Therefore, it will be interesting to follow how these experiences with novel policy solutions will form future policy development for non-standard and standard workers as this could have important implications for Nordic models' sustainability.

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