

Job retention schemes in Europe

Norway

Jørgen Svalund¹

Note on ETUI classification of job retention schemes (JRSs): All job retention schemes (JRS) share the objective of preserving the ties between companies and their employees in times of temporary economic difficulties. They support incomes of workers who keep their employment contract even if the work is fully suspended. Depending on the primary objective and the nature of support, three different categories of JRS can be distinguished:

(1) Short-time Work Scheme (STW): The key objective of STW schemes is to provide support to companies to retain their employees in times of economic difficulties. The company receives financial support for the employees' wages paid for the time not worked. The extent of working time reduction can vary, including also a full work suspension.

(2) Furlough Scheme (FS): FSs can be best understood as temporary unemployment. The financial support is thus paid directly to the worker for the period of partial or full working time suspension. The aim of a FS is to enable companies to reduce their wage bill by temporarily laying off (parts of) their workforce. While retaining the ties with the employer, workers on the FS scheme are available to seek alternative employment. Integrated into the existing system of unemployment insurance, FSs can be seen as a tool to facilitate the transition towards a new job.

(3) Wage Subsidy (WS): The main objective of WS is to preserve employment through subsidizing companies' wage bills. For this purpose, a company in temporary financial difficulty receives financial support per employee, regardless of whether or not working time of specific employees is reduced. The employees keep receiving their wages. Permissible wage adjustments are not directly related to working time reductions.

Key characteristics of the job retention scheme

ETUI classification of the job retention scheme (JRS)	Furlough Scheme (FS)
Name of the scheme	<i>Permittering</i> (temporary lay-off scheme)
Start date of the implementation of the special Covid-19 JRS rules	<p>Norway has a permanent temporary lay-off scheme under which employees, in case of a temporary lay-off, are entitled to unemployment benefits in accordance with the National Insurance Act. The rules and costs for employers and employees have been adjusted previously, for example, in 2008, when demand fell swiftly.</p> <p>The special temporary lay-off rules were first temporarily changed in March 2020 (from 20 March) regarding rules regulating the lowest share of a full-time position a person could be temporarily laid off (it was lowered from 50% of a full time position to 40% - equivalent to be laid off for at least two days every week), the prior income needed to be eligible for FS, and how the costs were to be distributed between the state, employers and employees (see below for details).</p> <p>From April 2020 to 31 December 2020, the government allowed temporarily laid-off employees to receive training. This initiative is only temporary.</p> <p>From 4 May 2020 laid-off employees from third countries (outside the European Economic Area) obtained the right to unemployment benefit.</p> <p>The rules were adjusted again on 1 September 2020. The employer then had to pay wages for the first 10 days, before employees were to receive unemployment benefits. Furthermore, the government introduced a second period: when extending the temporary lay-off beyond 30 weeks, the employer must pay wages for the first 5 days of the second period.</p>

1. European Trade Union Institute (ETUI).

Implemented on 1 November 2020 temporary layoffs could last for 52 weeks (adjusted from 26). There were also other minor changes: Those who were temporarily laid off before the corona crisis may be temporarily laid off until 1 July 2020, even if the temporary layoff extends far beyond 52 weeks. Furthermore, there were a range of minor changes: the special rules for third country inhabitants on temporary lay-off were changed back (no coverage anymore), as were the minimum income requirements (see below). The minimum working time requirements were also changed back (from 40% laid off to 50%).

From 11 January 2021: The length of the temporary lay-off was extended until July 2021, thus far beyond 52 weeks for those temporarily laid off in March 2020.

The waiting days, the days without benefits or wages for temporarily laid off employees, were put back again (as before the Covid-19 crisis). It was three days before the crisis, then these days were removed in spring, then it was back to three days again.

The government has proposed to extend temporarily laid-off employees' possibility to receive training and receiving unemployment benefit until 1 July 2021.

In summer 2020 a new wage subsidy measure was introduced under which companies that had temporarily laid off (some) workers (or apprentices) before 28 May could receive a cash contribution for each one subsequently taken back to work in July and August 2020. Companies involved in bankruptcy proceedings could not receive the wage subsidy. Only companies that had at least a 10% drop in sales and had employees fully or partly laid off because of Covid-19 by 28 May 2020 could receive the wage subsidy. Furthermore, the subsidised laid off employee had to be working for the employer throughout the period for which the application was made. The employee(s) for whom the company received a wage subsidy could not be temporarily laid off again, or dismissed, before 1 October 2020 at the earliest. The company could also not temporarily lay off or dismiss other employees in a similar position between 28 May 2020 and 1 September 2020.

Later in 2020, the same wage subsidy, with the same conditions, became available for the months of October, November and December. The company could then apply for the subsidy for employees who had been temporarily laid off before 31 August 2020. In that case, the former temporarily laid off employee had to be employed throughout the period for which the company applied for the wage subsidy (October/November/December), and until at least 1 February 2021.

The amount of the wage subsidy the company could receive depended on the extent of the fall in sales. The larger the fall, the larger the wage subsidy when taking laid-off employees back.

<p>Eligibility</p>	<p>The reasons for using the FS include force major (i.e. floods, fire, avalanches etc), a drop in demand, a lack of (raw) materials (no fish, timber etc), and government restrictions. All these reasons must be temporary: it must be reasonable to assume that the employees can come back to work before the end of the temporary lay off. By implication, temporary falls within 32 weeks if that is the limit, while it can be 52 weeks if that is the maximum limit.</p> <p>The eligibility threshold for unemployment benefits has been reduced (27 March 2020) from a minimum annual income of NOK 150,000 (approximately €13,250) to NOK 75,000 (approximately €6,600). The minimum income requirements were changed back to around NOK 150,000 on 1 November 2020.</p>
<p>Exceptions (category of workers or companies excluded from support)</p>	<p>There are restrictions on the possibility of using the scheme in the public sector, mainly because the relevant organisations do not face lower demand, which is an important requirement/reason for its use. Furthermore, unemployment benefits arising from temporary lay-offs are usually not provided to employees working for state, county or municipal organisations, or cultural institutions, who mainly run on public support for their operations. Thus, the temporary lay-off scheme is very seldom used in these organisations.</p>
<p>Duration of support (maximum duration for which JRS support is paid)</p>	<p>First 26 weeks + 26 weeks, thus a total of 52 weeks (possibility opened up from July 2020). For FS that started before July 2021 it is possible to resort to temporary lay-offs until 1 July 2021, even if a temporary lay-off extends beyond 52 weeks. For FS beginning 1 July 2021 or later the maximum duration is 28 weeks (for the first 10 days the wage is paid by the employer, after that the employee receives 26 weeks of unemployment benefit).</p>

Level of support for employees (percentage of gross or net wage, please also specify whether social security contributions are covered)	<p>Before the Covid-19 crisis employees received their wages (with a cap of NOK 608,000 [approximately €53,000] per year) for the first 15 days from the employer (the employer period), then there were three waiting days in which the temporarily laid-off employees had no entitlements, then they would receive 62.4% of wages between NOK 150,000 (approximately €13,250) and NOK 608,000 (approximately €53,000) for a maximum of 26 weeks. The lay-off could, if needed, be extended by another 26 weeks. The employer would then have to pay wages for the first 5 workdays, and the employee would receive unemployment benefits for the rest of the period.</p> <p>From 27 March to 31 August 2020, the employee received 100% of the original wage for the first 2 days from the employer, then full wages from the state for the following 18 days (up to a cap of NOK 608,000 each year); after that the individual receives unemployment benefits at 80% for wages up to NOK 304,000 (approximately €26,500) per year, and 62.4% for wages between NOK 304,000 and NOK 608,000 (approximately €26,500–53,000). From 1 September 2020 temporarily laid-off workers receive full wages for the first 10 days from the employer, then unemployment benefits for the rest of the 30-week period, then, if extended, 5 days of full wages, and then unemployment benefit until the end of week 52 with the income support described above.</p>
Cap on support (maximum amount of JRS support payable)	<p>The unemployment benefit was capped at NOK 608,000 (approximately €53,000) per year in 2020. The maximum amount of support paid per year was NOK 432,896 (approximately €42,000).</p> <p>The cap is adjusted somewhat each year.</p>
What share of the support is covered by the state and by the employer?	<p>Before the Covid-19 crisis the first 15 days were paid by the employers (full wages), then the employee paid (receiving no benefits) for three days, then they received unemployment benefit of 62.4% up to the cap of NOK 608,000; (approximately €53,000).</p> <p>Between 27 March and 31 August 2020, the first two days of the allowance were paid by the employer, with full wages; after that the state covered the costs equivalent to full wages from days 3 to 20 (up to the cap of NOK 608,000) and after that the unemployment benefit of 62.4% of the former wages provides income security (see above).</p> <p>From 1 September 2020: the employer pays full wages the first 10 days, then unemployment benefits (the state) cover the rest of the period for those eligible (above the minimum income) (see above).</p>
Dismissal protection	<p>There is no protection against dismissal for the duration of the temporary lay-off. In case of dismissals during or after the temporary lay-off, the temporarily laid-off employee is entitled to wages in their notice period (between 1 and 6 months).</p>
Role of collective bargaining in the adoption and implementation of JRS support	<p>The lay-off scheme is anchored in the social partners' central Basic Agreement. Local trade unions must be informed about the use of FS, and can discuss the selection of persons to be laid off – but they have no veto right. The maximum length of the temporary lay-off arrangement, and the cost for employees and employers is discussed with the central employers' organisations and trade unions.</p> <p>The Basic Agreement states that employers who will use temporary lay-offs should discuss this with the trade unions, and they should try to find other solutions, if possible. It also states that they should agree that it is necessary. The agreement furthermore states that employees who are to be temporarily laid off are to be given notice of it after these discussions are finished. Normally, employers must wait with the lay-off for 14 days from the time the notice is sent to the employees. In March 2020 the notice period was cut to 2 days. Collective agreements at a lower level can reduce the waiting period for the start of the temporary lay-off.</p> <p>The Basic Agreement also states that temporary lay-offs should be implemented according to seniority. If not, the trade unions can negotiate the issue. It is often easy to arrange lay-offs according to seniority in large manufacturing companies, but not always in construction and other sectors. Thus, trade unions are involved in negotiations on who is affected.</p> <p>The various changes made to the temporary lay-off arrangements in the context of the Covid-19 crisis have been made in close cooperation between the employers' organisations, the main trade unions and the state (tripartite agreements).</p>
Special conditions for support to avoid misuse of the system (for instance, ban on paying out dividends or bonuses; ban on share buybacks or operating from tax havens)	<p>None, but temporarily laid-off persons receive unemployment benefits, and the state usually checks compliance.</p>

Special provisions as regards training/requalification/reorientation of employees on JRS

Usually, those on unemployment benefits (including temporarily laid-off) are not allowed to study or participate in training programmes. The government, with the support of employers' organisations and trade unions, from 20 April to 31 December 2020 allowed temporarily laid off employees to receive training. The government extended this arrangement until 1 July 2021.

More specifically, in April 2020-July 2021, training could be received by a persons laid-off who did not receive loans or scholarships from Lånekassen, the national bank providing loans and stipends for educational purposes. Others had to apply to the employment office (NAV). They could say yes if the person took a course or measure approved by NAV, if they combined full time work with education/training at least 6 months before they were fully unemployed or fully or partly temporary laid off. They could then receive UB while continuing their studies for a maximum of six months.

Others eligible: Those who participated in education or training outside ordinary working time (work days between 0800 and 1600) with maximum 50% study progression compared to those studying full time, and receive a maximum of 10 days with education on day time each semester; Those who took course lasting up to 3 months; Those who participate in approved training in Norwegian for adult immigrants on full time for a year, with a possibility to extend, and those who participate on the introductory program for newly arrived immigrants.

Quantitative data

How many workers were on JRS each month? (Please indicate whether these are applications for JRS or the actual numbers of workers on JRS)

Number of workers on the temporary lay-off scheme (share of the labour force). The definition for counting workers includes both those who have applied and those who have been granted unemployment benefit due to temporary lay-off and those who have applied, and have not been rejected (the case processing time has increased, thus many may not have received an answer). The figures include both those 100% temporarily laid off and those laid off on a part-time basis.

March 2020	257,373 (9.1)
April 2020	272,843 (9.6)
May 2020:	217,630 (7.7)
June 2020	144,141 (5.1)
July 2020	108,662 (3.8)
August 2020	90,006 (3.2)
September 2020	64,717 (2.3)
October 2020	54,772 (1.9)
November 2020	61,530 (2.2)
December 2020	61,042 (2.2)

Source: NAV (the Norwegian Labour and Welfare Administration). <https://bit.ly/3kDbRF6>

Which sectors were most affected at the beginning of the pandemic in March/April and towards the end of the period studied in November/December? (as a percentage of overall number of workers on JRS)	March 2020	April 2020	November 2020	December 2020
	Managers	8	8	10
Engineers	5	6	7	6
Teaching/education	1	1	1	1
Academic professions	1	1	1	1
Health care	4	4	1	1
Child and youth work	1	1	0	0
Brokers and consultants	4	4	3	3
Office work	8	8	10	9
Shop and sales jobs	19	18	10	10
Agriculture, forestry and fishing	0	0	0	0
Building and construction	7	7	8	7
Manufacturing work	8	8	11	9
Tourism and transportation	17	17	23	29
Service occupations and other work	12	13	11	12
No occupational background or unspecified	3	3	3	2
Total (N)	100 (257,373)	100 (272,843)	100 (61,530)	100 (61,042)

Note: No pure sector-level data is available, but there is data based on occupational information, which provides sectoral information.

Source: NAV (the Norwegian Labour and Welfare Administration). <https://bit.ly/3kDbRF6>

Is there any data on how many workers lost their job after JRS expired?	No. The length of the temporary lay-off scheme has been extended, so it hasn't really expired for anyone. Thus companies may keep employees on temporary lay-offs instead of dismissing them as long as the company does not close down.
Is there any data on how much money the state spent on JRS and over time? (in absolute figures and as a percentage of GDP)	No.

Information on non-standard workers and JRS²

Do non-standard workers (NSW) have access to the regular JRS scheme or are there other support schemes, for instance for the self-employed? ³	<p>Those with a temporary work contract may be temporarily laid off on the same terms as permanent employees. The temporary lay-off schemes are for employees (not self-employed), as only (former) employees may receive unemployment benefits, and employers pay part of the costs.</p> <p>At the beginning of the Covid-19 crisis, on 17 April 2020, a new benefit was introduced to secure the income of non-standard workers. In a temporary agreement self-employed and freelancers were entitled to compensation of 80% following a calculation based on income from the past 3 years (minimum NOK 76,014 [approximately €7,350] and up to NOK 600,000; approximately €58,000). Compensation kicks in from day 17 of the day of documented/registered (see below) lost income. Wage income reduces possible compensation, penny for penny.</p> <p>On 23 October 2020, the Parliament decided to extend the compensation scheme for self-employed and freelancers until February 2021, but the compensation benefit was reduced from 80% to 60% from 1 November 2020.</p>
What are the eligibility criteria?	<p>In order to receive the benefit, the self-employed/freelancers must be between 18 and 67 years of age and have a prior income of more than NOK 76,014 (approximately €7,350). Furthermore, they must have lost the whole or part of their income. More specifically: They must have had a yearly income of at least 0,75 G (G="ground sum", a sum that is adjusted each year and who are used to set the minimum and maximum for different benefits and pensions). In 2020 0,75 G was 76013 NOK.</p>
How is the financial support for non-standard workers calculated?	<p>The requirements are listed above. The calculation of the benefit is based on income that does not entitle them to unemployment benefit (basically income that is not obtained as an employee).</p> <p>The calculation of the loss of income is based on the personal business income of the self-employed in 2019. For companies established in 2020 income until 1 March 2020 was used. For freelancers, the calculation of loss of income was based on personal income from assignments during the past 12 months. For newly established freelancers a shorter period could be used as the basis. Persons who have other sources of income, disability benefits, unemployment benefits etc, do not have the right to this temporary benefit based on the same income.</p> <p>One must apply in arrears for lost income from the previous month, so that the Norwegian Labour and Welfare Administration will know about any income for the month in which the application applies. Generally, the basis for compensation for freelancers is calculated on the basis of an average of the income reported to the Tax Administration via the current 'a-scheme' during the last 12 months before March 2020. A shorter period can be used for newly established freelancers. Generally, the calculation of the benefit for the self-employed is based on business income over the past three income years.</p>
Which sectors were most affected in terms of providing support to non-standard workers?	<p>Personal services (hairdressers, personal trainers, physiotherapists, truck drivers etc), the cultural sector (musicians, artists, actors), media (freelancers, journalists).</p>
Are there any measures for training/requalification/reorientation for non-standard workers?	<p>No.</p>

2. Non-standard workers include workers with a temporary work contract, platform workers, temporary agency workers, multiparty employment, disguised employment/dependent self-employment, freelance workers, etc.
3. The following questions refer to any existing schemes for non-standard workers.