

Uber in the Nordic countries: Challenges and adjustments

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In this policy brief, we explore the trajectories of the American transportation company Uber in the Nordic countries. We also point to some differences between the Nordic countries in how governments and social partners have reacted to the company, and how the business model has developed. These differences could be interesting to explore for policy makers as well as researchers.

Uber arrived in Denmark, Finland, Norway and Sweden in late 2014. In all the Nordic countries except Iceland, where Uber has not yet tried to initiate its operations, the Uber Pop model, allowing everyone with a driving licence, a relatively new car and no criminal record to sign up and become a self-employed driver, was deemed illegal. This was because the Uber Pop drivers did not have the licences required by the countries' taxi regulations. Yet, supporters have argued that Uber represents an innovative disruption with environmental and potential economic gains, and that taxi regulations should change to accommodate for the company. After several rounds of legal action against Uber and its drivers, the company suspended the Uber Pop service throughout the Nordic countries in 2016 and 2017. This was about the same time as the European Court of Justice (ECJ) ruled in a verdict that Uber is to be perceived as a transportation company under EU law.¹ In Norway and Sweden, only Uber Pop was found to be illegal, and was 'put on pause' by the company. The other services provided in these countries could still operate, as they were organised with licensed cars and drivers. Finland amended their taxi regulations in 2018, which allowed Uber to resume its operations. In Sweden, new regulations exempting services like Uber from the taximeter requirement will be implemented in 2020. In Denmark, Uber announced in March 2017 that the company was going to shut down its operations due to amendments to the taxi law that were considered to restrict the company's further operations in the country. Uber Pop-like arrangements are now absent from the Nordic countries. From late 2018, Finnish Joel Järvinen took over as General Manager for Uber Nordics, and its Nordic operations are currently under the same management.

In the following, we review the responses from Nordic social partners to the arrival of Uber, issues concerning labour law and the drivers' working environment, as well as Norwegian and Danish Uber drivers' experiences, before summarising and suggesting areas for further investigation. This policy brief is based on research conducted in Denmark,² Finland,³ Norway⁴ and Sweden.⁵

Issues of concern

Since Uber's entrance into the Nordic countries, the trade unions have been highly critical of Uber on several grounds, while the transport and employers' associations have been divided between those arguing that the company is operating illegally and those arguing for deregulating the taxi sector to accommodate for more competition, new technologies and innovative business concepts. Four issues of concern were given much attention in the interviews with social partners in the Nordic countries:

Taxation

The company's (and the drivers') unwillingness to pay taxes seems to be a general concern for trade unions as well as employers' associations in the Nordic countries. As an example, an investigation commissioned by the Swedish Taxi Association found that 83 per cent of Uber drivers entered a lower fare than what the passenger paid into the taximeter or did not use the taximeter at all. Altogether 68 per cent of the revenues – SEK 36 million (EUR 3.5 million) – were thus not reported to the Swedish Tax Agency.⁶

Unfair competition

Uber has raised the issue of unfair competition also in the Nordic countries. The Nordic employers' associations are split between defenders of the taxi sector and promoters of the new platform companies. This can be exemplified by the case of Norway, where the employers' associations NHO Transport and NHO Abelia (organising Uber and other platform companies) have supported the deregulation proposed by the government. The Norwegian Taxi



Association, by contrast, has been vocal in emphasising the illegality of Uber Pop and has argued that Uber Black drivers also operate illegally, as many drivers do not have a limousine service operator licence for driving in Oslo and the receipts do not specify VAT.⁷ In its reply to the proposed taxi regulations⁸ during the hearing, it points to the unsuccessful deregulation of the taxi market in Sweden, the successful and limited deregulation in Denmark, and argues that the current Norwegian proposal, like the Finnish deregulation, will make taxi services more expensive. The Norwegian Taxi Association also stresses that Uber-style arrangements will lead to social dumping and expand the black market. Danish, Finnish and Swedish employers' associations also raised the issue of unfair competition, and in our interview with the Danish employers' association, the interviewee argued that companies assuming employer responsibilities seem to carry more risks and have higher labour costs than digital platforms facilitating solo self-employment. This pertains not only to collective agreements, wages and social contributions, but also to taxation issues and insurance.

Social security and labour issues

The issue of social security of the Uber drivers has been raised in many of the interviews. The Danish trade unions interviewed complain about Uber's initial unwillingness to comply with the Danish Taxi Act, and the unions are worried about pay differences between self-employed drivers and employees working in transportation. The lack of social benefits for Uber drivers meant that their total remuneration was lower than the level provided by the collective agreements, as Denmark, like the other Nordic countries, has no minimum wage legislation. The solo self-employed drivers carry more risks on their own than employees in companies complying with existing company law and collective agreements, but do not seem to receive higher pay than the wage earners to cover insurance against those risks. Additionally, self-employed drivers have to cover fuel and toll charges themselves. A shared demand from the Nordic transport trade unions is therefore to determine whether the drivers are self-employed or employees with accompanying rights. As a way to make the Danes aware of the consequences of Uber and other platforms facilitating self-employment, 3F – the union representing Danish taxi drivers – launched a campaign with a character called Poul Uberman⁹ who exemplified what it would mean for society as well for the individual employees, if everybody was employed on the same terms as the Uber drivers. The campaign was active on Facebook from May to June 2016 and received considerable attention.

Unionising the drivers

In Sweden, transport trade unions argue that Uber drivers' lack of a fixed workplace inhibits their potential to be unionised. Rather than trying to organise the drivers, transport trade unions in Denmark, Finland and Norway have highlighted the unfairness of Uber's operations and the precarious working conditions of the drivers.

“ The drivers are never employed by Uber, but they are considered as self-employed or hired through intermediaries [. . .]

Labour law issues have remained in the background

Uber presents itself as an IT company that provides a technology, an app, to its 'partner-drivers', as it refers to the drivers. The drivers are never employed by Uber, but they are considered as self-employed or hired through intermediaries (limousine companies in the case of Norway). The Uber drivers are obliged to follow some general rules regarding service delivery when they use the app. However, Uber does not decide when and how much the Uber drivers work. Even though the taxi industry in the Nordic countries traditionally has been characterised by self-employment, the significant control exercised by Uber through its platform has raised the issue of the legal relationship between Uber and its drivers. While there is a case to be made that the Uber Pop arrangement offered in the Nordic countries in fact could entail an employer–employee relationship if tried in court,¹⁰ fictitious self-employment or issues grounded in labour law never arose as an explicit objection to the company's Nordic adventure. In the following, we review some issues pertaining to relations between the parties from Norway and Sweden.

The working conditions of Uber Black drivers in Norway are far from the conventional labour relations in a Nordic setting. The Norwegian Uber Black drivers¹¹ are employed by limousine companies which have an agreement with Uber to use the company's platform to take requests. Hence, the drivers themselves have no direct relation to Uber. They receive their pay from the limousine company; usually 35–45 per cent of the fare of each trip. Uber takes 25 per cent and the limousine companies 30–40 per cent. Some drivers also receive a fixed hourly wage from the limousine company. When Uber Pop was still active in Oslo, the drivers did not have to share their cut with the limousine companies and were left with between 70 and 80 per cent of the fare after Uber had taken its cut.

In Sweden, there has been a change in Uber's rhetoric on how it views its drivers. Uber initially presented itself as a mere mediator and facilitator for independent drivers, but has increasingly highlighted initiatives supporting the drivers, such as helping them navigate the legal requirements for obtaining a taxi licence, allowing them to lease a car through Uber,¹² and providing insurance and discounts on car purchases.¹³ The service relationship between the drivers and the company, also prevalent in Finland, has thus become more apparent, and the drivers have emerged more or less as business partners rather than independent drivers whose enterprise is merely facilitated by Uber.

While Uber highlights the drivers' freedom as a key feature of its business model, it exercises significant control over the drivers' labour through the platform. In this technological work arrangement, drivers are 'nudged' to

work more than they initially planned, first and foremost through the rating system and dynamic pricing, creating a risk of unhealthy long hours behind the wheel. In effect, the function of this algorithmic control and its lack of transparency resembles execution of management tasks.¹⁴ These are general features of the business model.

Driver experiences from Denmark and Norway

Opportunity or necessity?

A central topic when interviewing Uber drivers in Denmark and Norway was whether driving for Uber was a preferred choice or an option of last resort. The Uber Black drivers in Oslo (based on 21 interviews) usually work full-time, are primarily recruited from a group with few other opportunities in the labour market, and are highly dependent on Uber for securing an income. Dependency, combined with Uber's algorithmic control, casts further doubts on whether the drivers are as independent as Uber prescribes. The majority are male and have immigrated to Norway. Some came to Uber from unemployment and many previously held insecure and unstable jobs. Driving for Uber therefore appeared as a better option. In Denmark, neither of the drivers interviewed (2) seemed to rely on the income from the platform to cover their fixed expenses. For them, the earnings from Uber were merely an income supplement, as the relatively low hourly rate makes it difficult to secure a reasonable income from Uber alone. Uber in Denmark also reported a preponderance of

drivers with minority ethnic background. Many were not fluent in Danish, which means they were unable to pass the exam for obtaining a taxi licence. Poor command of Danish is a known entry barrier in the Danish labour market, and Uber Pop offered an opportunity to circumvent this barrier, even though most drivers did not work full-time. Data from the Norwegian Tax Administration also suggests that most Uber Pop drivers in Oslo in 2016 had other sources of income, among others, social benefits.¹⁵

Flexibility: Valued and constrained

Another topic in the interviews was working schedules and flexibility. While Uber's flexible work arrangements have been put forward as the main motivation for Uber drivers, the reality does not always seem to be so flexible after all. While the drivers in Norway are free to work as much or as little as they want within the hours the limousine companies grant them access to a car, most drivers work a lot, up to 300 hours per month. This tension is also salient in the drivers' perception of the job. They enjoy the flexible work arrangement, enabling them to take days off and 'be their own boss'. This aspect was important for why they chose to become Uber drivers. Nonetheless, a majority was dissatisfied with the work arrangement, arguing that they work too much for too little money. Also among Danish Uber drivers, flexibility was a key aspect mentioned when asked why they registered with Uber. They appreciate the easiness of getting the job and that they can plan their own hours, but the low pay makes the flexibility of driving for Uber severely constrained.

Table 1. The status of Uber in the Nordic countries per February 2019.

Country	Status of Uber	Current regulations
Denmark	Uber suspended all its driving services in Denmark in April 2017 after amendments to the taxi regulation. Prior to the amendments, a number of Uber drivers were sentenced for providing passenger transportation without taxi licences. However, Uber kept 40 software developers situated in Aarhus to work on developing the app.*	The taxi regulation was amended in early 2017, lifting numerical restrictions on licences, but maintaining the taximeter and seat sensor requirements, thus asserting the illegality of Uber's operations. Drivers have to be connected to a dispatching centre and must have completed two weeks of training.
Finland	Uber was put on hold in 2017, but Uber X and Uber Black returned under the new legislation from July 2018. The law also opened up for other Uber-like companies, such as Russian Yandex and Estonian Taxify, and drivers may work for multiple platforms.	In July 2018, a new act deregulated the taxi sector in Finland quite extensively. The taxi licence requirement was maintained, but numerical restrictions on licences were removed. To obtain a licence, drivers must take a test, command the Finnish or Swedish language, have no criminal records, and be able to assist customers with special needs.
Norway	Uber Pop was 'paused' in October 2017 following the sentencing of many Uber drivers, who did not have the licences required by the taxi regulation**, as well as Uber's Norwegian and Dutch subsidiaries. However, Uber Black, Uber Lux and Uber XXL still operate in Oslo, as these services are organised through limousine companies that hire the drivers and provide licensed cars.	The Norwegian government initiated a public hearing on new taxi regulations on 1 October 2018, suggesting to maintain the licence requirements, but removing numerical restrictions and allowing licence holders to freely choose company constellation. While the proposed legislation will make it easier to obtain a taxi licence (required for owning and running a taxi operation), it will be more difficult for drivers to obtain a professional licence (required in order to work as a taxi driver). Drivers will have to pass a skills examination held in Norwegian.
Sweden	Uber Pop was suspended in 2016, after being judged illegal in court decisions. Uber X, Uber Black, Uber Lux and Uber XXL, however, still operates in Gothenburg, Malmö and Stockholm. All Uber drivers have to have a taxi license and are obliged to enter information on each completed trip into a taximeter. Uber also provides Uber Eats distributing take away food by bike or moped.	The taxi market was deregulated in 1990. Taxi driving still requires a permit, but there are no numerical restrictions. In April 2018, the Swedish parliament passed a proposition prescribing what is referred to as a new category of taxi cars, where the previous taximeter requirement is replaced with a stipulation that all drivers have to be affiliated with a dispatching centre providing connections with the customers. The new regulations will be implemented on 1 September 2020 (Prop. 2017/18:239).

* 'Ny taxilov får Uber til at lukke i Danmark', Politiken.dk, 28 March 2017: <http://politiken.dk/oekonomi/art5889910/Ny-taxilov-f%C3%A5r-Uber-til-at-lukke-i-Danmark>

** Norwegian Professional Transportation Act, 2002: <https://lovdata.no/dokument/NL/lov/2002-06-21-45>

Notes

¹ The service provided by Uber connecting individuals with non-professional drivers is covered by services in the field of transport', Court of Justice of the European Union, press release 136/2017: <https://curia.europa.eu/jcms/upload/docs/application/pdf/2017-12/cp170136en.pdf>

² Two interviews with Uber drivers, four interviews with trade union representatives, one interview with employers' association representatives and two interviews with Uber Denmark, as well as a review of government documents.

³ Review of government documents.

⁴ Interviews with and observation of 20 Uber Black drivers, interviews with two trade union representatives, two employers' association representatives and a review of available documents from Uber and relevant government documents.

⁵ Seven interviews with trade union representatives and a review of employers' associations' responses, available Uber documents, reports and government documents.

⁶ Review of Uber and Regulatory Compliance with Taximeter Auditing 2018', Gothia Protection Group AB: https://www.taxiforbundet.se/wp-content/uploads/2019/01/190122-final-report-review-of-Uber_EN.pdf

⁷ 'Også Uber Black drives ulovlig', The Norwegian Taxi Association, 8 March 2018: <http://www.mynewsdesk.com/no/norges-taxiforbund/news/ogsaa-uber-black-drives-ulovlig-297699>

⁸ The answers to the public hearing on deregulation of the taxi sector are to be found here: <https://www.regjeringen.no/no/dokumenter/horing---endring-av-drosjereguleringen---oppheving-av-behovsporingen-mv/id2612655/>

⁹ '3F kampagne: Uberman', Must: <http://mu.st/case/3f-uberman/>

¹⁰ Hotvedt, M.J. (2016) Arbeidsgiveransvar i formidlingsøkonomien? Tilfellet Uber, Lov og Rett. ISSN 0024-6980. 55(8), s 484- 503.

¹¹ Please note that we only have data for Uber Black drivers. But we find no reason to assume that there would be another arrangement for Uber Lux and Uber XXL drivers.

¹² 'Lease a car In Sweden', Uber: <https://www.uber.com/en-SE/drive/vehicle-solutions/leasing/>

¹³ 'Buy a car In Sweden', Uber: <https://www.uber.com/en-SE/drive/vehicle-solutions/new-car-discounts/>

¹⁴ Oppegaard, SMN. (2018). The Strains of Luxury. Labor in the Platform Economy. The Case of Uber Black in Oslo (Master's thesis). Department of Sociology and Human Geography, University of Oslo: <https://www.duo.uio.no/bitstream/handle/10852/66486/Oppegaard-2018-The-Strains-of-Luxury-Master-s-Thesis.pdf?sequence=1&isAllowed=y>.

¹⁵ Alsos, K., Jesnes K., Øistad, B.S., & Nesheim, T. (2017). Når sjefen er en app. Fafo report 2017:41. <https://www.fafo.no/images/pub/2017/20649.pdf>

Summary

Even though Uber was launched simultaneously in all the Nordic countries except Iceland and faced similar obstacles, it has since followed somewhat different pathways in Denmark, Finland, Norway and Sweden. Finland facilitated the return of Uber through the deregulation of the taxi sector in 2018. Sweden deregulated the industry in the 1990s, which has allowed Uber to maintain its operations after Uber Pop was deemed illegal, and will implement new regulations in 2020 to further accommodate Uber. However, the partial deregulation of the Danish taxi sector in 2017 did not enable Uber to continue operating in the country. In Norway, a public hearing on deregulation of the taxi sector with the aim of promoting new business models is underway, but the final outcome is still uncertain. The most important factors determining the differences in Uber's pathways in the Nordic countries seem to be the regulation of the taxi industry prior to Uber's entrance and the political will to adjust the regulations either to facilitate or forestall Uber's operations. These different trajectories represent an opportunity for various actors in the Nordic countries to learn from each other, concerning both how to meet disruptive international companies such as Uber, and how to make sure they operate in a manner benefiting society and building on the values of the Nordic model.

While Uber represents a clear challenge in terms of labour protection and rights, employment status could be investigated further. The obstacles Uber has faced in the Nordic countries have so far primarily been grounded in violations of the sector-specific taxi regulations. Social partners and governments, together, might benefit from developing strategies for ensuring that taxes are paid correctly and securing Uber drivers, as well as other platform workers, a safe and healthy working environment, decent wages, social protections and labour rights.



The future of work: Opportunities and challenges for the Nordic models

In this collaborative project funded by the Nordic Council of Ministers, more than 30 researchers from the five Nordic countries study:

- What are the main drivers and consequences of the changing future of work in the Nordic countries?
- In what ways will digitalisation, new forms of employment, and platform work influence the Nordic models?
- What kind of renewal in the regulation of labour rights, health and safety, and collective bargaining is warranted to make the Nordic model fit for the future?

Through action and policy oriented studies and dialogue with stakeholders, the objective is to enhance research-based knowledge dissemination, experience exchange and mutual learning across the Nordic boundaries. The project runs from 2017 to 2020, and is organised by Fafo Institute for Labour and Social Research, Oslo. www.fafo.no

This brief emerges from Pillar IV New Labour market agents, coordinated by Kristin Jesnes, krj@fafo.no

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