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European Monitoring Centre on Change

Norway: Working time flexibility

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Norway

Phase:

Management

Type:

Working time flexibility

Last modified: 10 February, 2021

Native name:

Lov om lønnsplikt under permittering (permitteringslønnsloven); Folketrygdloven

English name:

Act on the obligation to pay wages during temporary redundancies; National Insurance Act

Article

3, 3a (Act on the obligation to pay wages during temporary redundancies); 4-3, 4-7 (National Insurance Act)

Description

Conditions for temporary lay-offs are established in basic agreements between the social partners and in case law. Access to unemployment benefits during temporary layoffs is regulated in the National insurance act (4-7) and accompanying regulations, while the obligation to pay wages is regulated in a separate [act](#). Public sector employees are generally not qualified and temporary layoffs are not to be used in the public sector (with certain exceptions).

An employer can temporarily lay-off employees if there is a justifiable basis for this and provided that the enterprise has made reasonable efforts to avoid layoffs and that permanent dismissal is not indicated. Justifiable reasons may be a low influx of orders, financial problems, the need to repair machinery and so on.

The employer has to pay the temporarily laid-off employees for 15 days (from 2019). If the need to reduce the workforce is due to fire, accidents or nature, the duty to pay wages for 15 days does not apply. After the 15 days, the employer is exempt from paying salary in the period of temporary lay-off. This period can last up to 52 weeks (normally 26 weeks) during a period of 18 months. After this period, the employer must resume paying the employees' salaries or dismiss the employee.

Employees who are temporarily laid-off are entitled to unemployment benefits in accordance with the National Insurance Act. This implies that employees also partly cover the costs of the temporary lay-off, as the unemployment benefits do not equal their usual salary. Employees shall be given in writing 14 days' notice of temporary lay-offs.

Before temporary lay-off is decided, the employer should notify the public employment authorities.

There is also the opportunity to use part-time layoffs, for instance by reducing working hours. The conditions for doing so are the same as for full-time temporary redundancy and there is not any limitation on the number of hours it can be reduced to. However, if working hours are reduced by less than 50%, the employee will not be entitled to unemployment benefits.

Comments

Conditions for temporary lay-offs are established in the basic agreements (collective agreements at the cross-sectoral level) between the social partners and in case law. Temporarily laying-off is permitted if valid reasons make this necessary for the enterprise, but do not take place for more than 6 months unless the parties agree that a valid reason exists for this. The selection of employees is based on the seniority principle, but this principle can be departed from if there is due reason. Before giving notice of temporary lay-offs, the shop stewards shall be consulted. Before putting into effect temporary lay-offs for a longer duration, the enterprise should alternatively assess occupational skill upgrading measures according to the needs of the enterprise which may strengthen the competitive situation of the enterprise. Minutes of the consultations shall be taken and signed by the parties. Employees shall be given 14 days' notice of temporary lay-offs. The notice shall be given in writing. The maximum period of temporary lay-offs as well as the period during which the employer is obliged to pay the employees are frequently altered, for instance related to economical prospects.

Cost covered by

Employee
Employer
National government

Involved actors other than national government

Public employment service
Trade union

Thresholds

No, applicable in all circumstances

Sources

- Permitteringslønnsloven
- Folketrygdloven
- Basic agreement 2018-2021 LO-NHO
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- Svalund, J. (2013), The impact of institutions on mobility, labour adjustments and cooperation in the Nordic countries, PhD-dissertation, Fafo-report 2013:56.
- Nergaard, K. (2010), Temporary layoffs – saving jobs or delaying readjustments?, Peer Review on 'Employment measures to tackle the economic downturn: Short time working arrangements / partial activity schemes', France, 27 - 28 September 2010.
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