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Exploring Self-Employment in the European Union

Eurofound
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Abstract
[Excerpt] Self-employment in the European Union is in a process of continual change. While the proportion of the self-employed in the EU28 Member States is stable, its composition has shifted. While on the one hand there has been a decline in employment in agriculture (generally self-employment), on the other hand the proportions of self-employed workers in the services sector and public sector have increased. Another recent phenomenon is the increase in the proportion of self-employed people who do not employ workers. Across the European Union, some countries have experienced a greater degree of change in the proportion of self-employed workers than in others. In general, self-employment has become more varied and this diversity presents a challenge for policymakers.

Keywords
European Union, self-employment, services sector, public sector

Comments
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Authors: Greet Vermeylen, Mathijn Wilkens, Isabella Biletta and Andrea Fromm (Eurofound), with the support of Agnès Parent-Thirion and Ricardo Rodriguez Contreras
Research managers: Greet Vermeylen and Mathijn Wilkens
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European Foundation for the Improvement of Living and Working Conditions
Telephone: (+353 1) 204 31 00
Email: information@eurofound.europa.eu
Web: www.eurofound.europa.eu

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Executive summary

Introduction

Self-employment in the European Union is in a process of continual change. While the proportion of the self-employed in the EU28 Member States is stable, its composition has shifted. While on the one hand there has been a decline in employment in agriculture (generally self-employment), on the other hand the proportions of self-employed workers in the services sector and public sector have increased. Another recent phenomenon is the increase in the proportion of self-employed people who do not employ workers. Across the European Union, some countries have experienced a greater degree of change in the proportion of self-employed workers than in others. In general, self-employment has become more varied and this diversity presents a challenge for policymakers.

Policy context

The policy debate in relation to self-employment addresses several different concerns. From an employment perspective, self-employment is promoted as a way to boost innovation and job creation. Policymakers look for ways to encourage more people to start their own business and become self-employed. There is an assumption that a growing number of people wish for more autonomy and self-direction over their working lives, and would welcome the opportunity to have more control over the work they do and where and when they do it.

However, there are concerns that self-employment is not always the result of a genuine choice and that some forms share features with dependent employment. In situations of economic dependence, workers lack the autonomy usually associated with self-employment and cannot freely determine their working conditions and the price for their work. At the same time, they have lower social protection than most forms of dependent employment provide.

The economic sustainability of some forms of self-employment is also the subject of discussion. Self-employed workers are more strongly represented in both the lowest and the highest income brackets. For those on a low income, financial stability is clearly a concern in the short term, but given the lower levels of social protection, long-term financial security is also an issue, even for those at the upper income levels. Adequate social protection for the self-employed is specifically mentioned in the European Pillar of Social Rights proposed by the European Commission.

Key findings

Diversity of the self-employed

Most of the self-employed deliberately chose to become self-employed, but one in five reported having no alternatives for work. Those who became self-employed out of necessity rather than choice are more likely to report that they do not enjoy being their own boss or find it difficult to bear the responsibility of running a business. More than half report that they are not financially secure in the case of illness.

The diversity of the self-employed is only partially captured in the established distinction between the self-employed with employees and the self-employed without employees. An empirical estimation based on 2015 data from the sixth European Working Conditions Survey has identified five distinct clusters of self-employed and compared job quality for each of these groups.

Nearly half show high levels of job quality

Two clusters – labelled ‘employers’ and ‘stable own-account workers’ – together comprise nearly half of all the self-employed. While the first group generally employs staff and the latter does not, both are economically independent and have autonomy in their work. Both groups generally became self-employed out of opportunity: they enjoy being their own boss and do not find it difficult to bear the responsibilities attached.

One in four gives reason for concern

Two other clusters – labelled ‘vulnerable’ and ‘concealed’ – comprise a quarter of all self-employed and give more reason for concern. Their situation is characterised by economic dependence, low levels of autonomy and financial vulnerability. So-called ‘economically dependent workers’ and the ‘bogus self-employed’ are likely to be found in these groups. Those classed as ‘vulnerable’ are particularly economically dependent because they rely on a very small number of clients. The ‘concealed’ group is most strongly characterised by low work autonomy.
Uneven results for job quality, health and well-being

A comparison of the clusters’ scores in Eurofound’s job quality indices shows that the ‘employers’ and ‘stable-own account workers’ consistently have higher levels of job quality than the ‘vulnerable’ and ‘concealed’ self-employed. In a similar way, the groups differ in terms of their self-reported health and well-being. A final cluster – labelled ‘small traders and farmers’ – shows a more mixed picture: while generally these workers became self-employed out of opportunity rather than necessity, many find the responsibility for their business hard to bear. Working time quality and health and well-being scores are low for this group.

Policy pointers

Most self-employed workers have good working conditions and job quality. This type of self-employment should be fostered in the interests of growing competitive, innovative businesses and creating high-quality jobs. Barriers for those wishing to become self-employed should be removed and support in developing their business provided, while targeting those who have attitudes and values conducive to entrepreneurial activity.

In contrast, some self-employed people are characterised by low incomes and high financial insecurity. For these groups, an appropriate safety net is needed to cushion the risks associated with self-employment. Access to benefits in case of unemployment, accidents at work and sickness would be an important step forward. Particular subgroups of self-employed people would benefit from separating social protection from employment status and making it available for all who need it.

The boundaries between self-employment and paid employment are blurring. Many self-employed workers, especially those who depend on one client, find themselves in a situation that resembles that of employees in terms of economic dependence and autonomy. This raises the question of whether the criteria for determining employment status need to be clarified or whether a hybrid status for economically dependent self-employment is needed. Member States have followed different approaches and the jury is out on which brings the best results. It is clear that ambiguity when classifying workers needs to be reduced and possibilities for abusing the status of self-employment removed.

A variety of organisations cater for the self-employed by providing services such as assistance with regulatory systems, training and access to networks. There is a demand for such services and also for collective representation in respect of negotiating pay and accessing social protection. However, any collective bargaining arrangements may be scrutinised by competition authorities, concerned to prevent cartels. Indeed, potential members may be reluctant to join an organisation that negotiates pay on their behalf, precisely because they see themselves as being in competition with other members.

These issues underline the importance of distinguishing between different types of self-employment when devising policies, whether with the aim of encouraging self-employment or protecting self-employed workers better. The current diversity is likely to increase further with digitalisation.

In this increasingly complex world of work, governments and social partners need to maintain a broad perspective that looks at the entire life course. Transitions between different employment statuses are likely to become the norm, and policy measures do not only have to ensure short-term financial security and protection, but also allow for the building up of rights to ensure acceptable standards of living that continues into old age.
Introduction

The evolution of work and employment has been in the spotlight of policy debate for many years. Over 20 years ago, the European Commission invited Alain Supiot to be president of an expert commission that would reflect on changes in employment and the future of labour law. In the second edition of the book resulting from this work, Supiot points out that until the beginning of the 20th century, self-employment was the norm, with contracted employment emerging as the standard form of employment only later (Supiot, 2016). Until the 1970s, a permanent, full-time employment contract providing income guarantees and giving access to social protection was the norm. Since then, forms of employment have become more varied. The steady decline of self-employment in recent decades is often linked to the decline in agriculture. At the same time, self-employment has become more diversified and is used in a wider range of sectors and occupations.

Employment status, and in particular self-employment, continue to be high on the policy agenda in the European Union. The policy debate revolves around three main concerns, each of them looking at self-employment from a particular angle. The concerns are overlapping to some extent and the policy debates often touch upon more than one concern at the same time.

The first policy concern centres on the issue of entrepreneurial drive. Self-employment itself, and job creation through self-employment, are linked to entrepreneurialism. This is associated with a deliberate choice in creating one’s own business and/or working activity. It involves taking risks, being able to reap the financial benefits of undertaking an activity and developing one’s own business.

The policy debate in a number of countries centres on how to encourage entrepreneurialism and associated forms of self-employment as a way to boost innovation and job creation. In these debates, support for self-employment is often linked to discussions about new ways of working and living. The underlying assumption is that growing numbers of people wish to have more autonomy, self-direction, stimulation and risk-taking in their work, and view the creation of their own working activity as a means to have more control over what work they do and when they do it.

At the other end of the spectrum, the debate on self-employment focuses on situations where self-employment is not the result of a genuine choice. Here, the policy concern is related to economic dependence, that is, a situation where workers find themselves in a position somewhere between dependent employment and self-employment. As the world of work is changing, the division between being self-employed and being employed is becoming less pronounced. This leads to a situation where some forms of self-employment have features that make them similar to dependent employment. Workers lack the autonomy usually associated with self-employment and cannot determine their working conditions and the price for their work. At the same time, they experience lower employment and social protection than most forms of dependent employment would grant. This blurring of the boundaries means that workers find themselves on a continuum from independent to dependent employment, rather than fixed in the traditional binary categories of the past (employed and self-employed workers).

The third policy concern is related to the economic sustainability of the various forms of self-employment. Financial sustainability can be considered from both a long- and short-term perspective. The income of the self-employed is more skewed towards both the lower and the higher brackets, compared with employees, for whom income is more evenly spread. For those in the low-income brackets, financial sustainability could be an immediate concern. Furthermore, income for the self-employed might be more irregular, with periods of strong earnings followed by financial difficulties. Since employment protection and social rights are usually lower among the self-employed, there could be an impact on their long-term financial sustainability, for example in the case of long-term illness or other incapacity to work.

A study carried out for the European Parliament concluded that while all employment relationships carry some risk of precariousness, the self-employed are considered to be at medium risk (European Parliament, 2016). This is confirmed in the 2016 report on employment and social development in Europe, which confirms that the risk of poverty and social exclusion for full-time self-employed workers in Europe is 3.5 times higher than for full-time employees (European Commission, 2016). There are differences between countries, with the highest numbers reported in Estonia, Luxembourg, Portugal, Romania, Slovenia and Spain, where more than a quarter of full-time self-employed people are at risk of poverty and social exclusion.
The above factors in the policy debate point to the fact that the self-employed form a very heterogeneous group, ranging from the true entrepreneur who creates not only their own job but also employment for others, to the economically dependent worker at risk of precariousness. This heterogeneity is only partially captured in the established distinction between the self-employed with employees and the self-employed without employees. This division is insufficient to explain the diversity of situations and working conditions experienced by the self-employed and is, therefore, a poor basis for the development of policies aimed at improving these conditions. A fuller understanding of the heterogeneity is also needed to identify clearly the status of people performing a job, given the blurring of boundaries between dependent employment and self-employment.

In the sixth European Working Conditions Survey (EWCS) conducted in 2015, a range of questions was added to the survey questionnaire in order to learn more about the situation of those identifying themselves as self-employed (Eurofound, 2016a). Analysis of these data is a key element of this report. This report explores the diversity of self-employed workers by going beyond the traditional classifications. Statistical analysis of data from the sixth EWCS allows the presentation of a more detailed picture of the diverging nature of self-employment. It also shows why these differences matter by looking at the working conditions and job quality of the various groups identified. The report also compares the social protection and representation of self-employed workers among EU Member States. Specific attention is paid to economically dependent workers who are formally self-employed, but whose characteristics are similar to those of employees. Finally, although digitalisation is likely to have an impact on the scope and nature of self-employment, it is not investigated in depth in this report. However, many of the findings presented and conclusions drawn also apply to self-employment in new forms of work, such as on-demand work and crowd employment.

Report structure

Chapter 1 describes the size of the issue by presenting trends in the numbers of self-employed workers in the EU, based on data from the European Union Labour Force Survey (EU-LFS). In addition, data from the sixth EWCS are used to explore workers’ reasons for becoming self-employed and how they assess their own situation.

Chapter 2 is based on the analysis of a variety of questions in the sixth EWCS that were put to respondents who are self-employed. It presents the results of an empirical estimation exercise using latent class analysis and the characteristics of the five groups of self-employed that are identified. This is taken a step further in Chapter 3, which explores the working conditions of each of the five groups identified in the analysis, but also covers the more traditional distinction of the self-employed with and without employees, and economically dependent workers. It shows that job quality is very different for the various groups of self-employed people, and proves that the diversity is not adequately captured by the traditional categories. As a final step, differences in outcomes with regard to health and well-being are presented for the five groups.

Chapter 4 moves from empirical analysis to discuss the existing statistical and legislative classifications of self-employment. Considerable attention is given to economically dependent workers, who are classified as self-employed but whose situation in many respects is closer to that of employees. This chapter examines the approaches Member States are taking either to define this group as a new, third category next to employees and the self-employed, or to try to improve the criteria to distinguish self-employed people from dependent employees, thus making the creation of a third category unnecessary.

The final chapter looks at ways to improve the situation of self-employed workers. It presents initiatives to revise social protection systems or particular rights within social security systems to cover the self-employed in the EU more effectively. It also provides a mapping of the collective bodies representing self-employed workers in the respective countries. These collective bodies have the potential to address the common concerns or interests of certain groups of the self-employed, and to provide support.

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1. As the European Commission points out, self-employment can be characterised as both posing a risk of precariousness for some and at the same time offering an opportunity for job creation for others (European Commission, 2016).

2. Crowd employment has been defined as ‘employment that uses an online platform to enable organisations or individuals to access an indefinite and unknown group of other organisations or individuals to solve specific problems or to provide specific services or products in exchange for payment’ (Eurofound, 2015a).
Methodology

This study is based on several sources of information. National contributions from Eurofound’s Network of European Correspondents shed light on differences between countries, drawing on information from a wide variety of qualitative and quantitative national sources, including legislation and national studies.

Data from the sixth EWCS are used to analyse the working conditions of the self-employed. The tables and figures in this report use EWCS data, unless otherwise stated. The latent class analysis was contracted out to VUB Interface Demography, and the subsequent technical report is available as a background paper to this study (De Moortel and Vanroelen, 2017). It is complemented by information from the EU-LFS.

The study was inspired by the work of Pärnänen and Sutela, who developed a structure for mapping and understanding the issue of self-employed workers in the EU (Eurofound, 2013a). Their study was carried out to guide the revision of the questionnaire of the sixth EWCS in order to capture the situation of self-employed workers in more depth. The background paper is available on request from Eurofound.
1 Self-employment in the European Union

Trends in self-employment

The proportion of self-employed workers in the EU28 Member States has not increased since the beginning of the 21st century. According to the European Union Labour Force Survey (EU-LFS), the proportion of self-employed people in the employed labour force was 15.1% in 2002, and after reaching a peak of 15.4% in 2004, was at its lowest value of 14.9% in 2015 (Figure 1). This seems to be in contrast with the current discourse on the rise of non-standard employment and self-employment. Therefore, this general picture calls for a more differentiated examination of the data, taking into account different forms of self-employment and the different trajectories of EU Member States.

Despite the proportion of self-employed people remaining unchanged, there was an increase in the share of the self-employed without employees between 2002 and 2015 (Figure 1). Some 10.1% of the EU28 labour force in 2002 were self-employed without employees, and this increased to 10.9% in 2012 and fell to 10.7% in 2015. By and large, this increase consisted of workers who were self-employed on a part-time basis and without employees. In 2002, only 1.7% of the labour force was part-time self-employed without any employees; this had increased to 2.4% in 2015.

The proportion of the self-employed within the labour force is connected to the economic cycle, decreasing in good times and increasing in bad times (Figure 1). Although the proportion of the self-employed in the EU28 as a whole is the same in 2015 as in 2008 (14.9%), different countries show very different trends (Figure 2). Self-employment is most common in Greece (31%), Italy (23%) and Romania (19%) and least common in Denmark (8%), Estonia (9%) and Luxembourg (9%). In 16 countries of the EU28, self-employment increased between 2008 and 2015, but in 12 countries there has been a decrease. For roughly 10 countries, these changes were very marginal, but strong decreases can be observed in Portugal (-6 percentage points), Croatia (-5 percentage points) and Cyprus (-4 percentage points). The strongest increase has been in the Netherlands (4 percentage points), followed by Latvia, Luxembourg and Slovenia (all 3 percentage points). For nearly all countries, changes in the proportion of self-employed people are closely related to changes in the proportion of the self-employed without employees.

Figure 1: Change in the proportion of types of self-employment in the EU28 employed labour force, 2002–2015

![Graph showing changes in self-employment types](source: EU-LFS)

3 The same findings can be found in the Employment and social developments in Europe report (European Commission, 2016).

4 According to Eurostat, the distinction between full-time and part-time employment in the main job is made on the basis of a spontaneous answer given by respondents in all countries, except for Iceland, the Netherlands and Norway, where full-time or part-time status is determined by the number of hours usually worked, with fewer than 35 hours and 35 hours or more representing part-time and full-time status respectively. In Sweden, this criterion is applied to self-employed people as well.

5 In 2016, the Netherlands received a country-specific recommendation (CSR) from the Council of the European Union to ‘address the high increase in self-employed without employees, including by reducing tax distortions favouring self-employment, without compromising entrepreneurship, and by promoting access of the self-employed to affordable social protection’ (Council of the European Union, 2016).
Simple arithmetic dictates that a rising proportion of the self-employed without employees, combined with a constant share of self-employment, equals a decrease in the share of self-employed people with employees. While in 2002 around 5% of the labour force in the EU was self-employed with employees, this percentage decreased to 4.2% in 2015.

When breaking down the change and looking at the proportion of the self-employed by economic sector, a diverse picture emerges. Service sectors – which account for the largest share of the self-employed labour force – and the public sector⁶ are witnessing a growth in self-employment. Industry contributed to the share of self-employment pre-2008, but its share has decreased from 2008 onwards. Agriculture is in decline in nearly all the years 2003–2015 (Figure 3). While the proportion of the self-employed (including in agriculture) remained at 14.9% between 2008 and 2015, the proportion excluding agriculture increased from 12.0% to 12.5% in the same period. For the countries with the strongest declines in the proportion of self-employed workers (Croatia, Cyprus and Portugal), agriculture is a strong driver of this decline (Figure 3). For Portugal, roughly 60% of the decline in the number of self-employed workers is due to the decline in self-employment in agriculture. For Croatia and Cyprus, this figure is 67% and 19% respectively.

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⁶ This refers to self-employed workers who are active in the public sector (public administration, health or education), for example, as contractors.
Some workers may work as self-employed in a second occupation. As labour force surveys tend to focus on the primary occupation, it is difficult to get accurate data for this. According to data from the sixth EWCS, 7% of the self-employed with employees and 9% of the self-employed without employees have another job. Most of the workers with a second job (58%) have an ‘occasional’ job rather than a permanent one. The EWCS does not specify whether this activity is carried out as a self-employed worker or as an employee. However, there might be some underreporting of other jobs in the EWCS since some workers do not classify certain activities as work – particularly when done ‘on the side’ – when they are limited in scope or value, and/or done very irregularly (including one-off tasks).

Self-employment: choice or necessity?

The self-employed form a sizeable proportion of the labour force and the number of self-employed people without employees is on the rise in a number of Member States. It is interesting to investigate this trend in more depth. What motivates people to become self-employed? Is it a question of choice or necessity? What do we know about the extent to which the self-employed are able to realise the advantages commonly associated with being self-employed, such as being one’s own boss, developing new products and services and building one’s own business? Several questions were introduced in the sixth EWCS that help to answer these questions and distinguish different situations.\(^7\)

The EWCS asks respondents who have identified themselves as self-employed whether this option was mainly based on their own personal preferences or whether it was selected because there were no other alternatives for work. A combination of both, or neither, of these reasons could apply.

\(^7\) The strict definition of ‘self-employed’ in the EWCS differs slightly from that used in the EU-LFS. At country level, however, both sources show very similar proportions of the self-employed.
For the majority of self-employed people, the move into self-employment is a genuine choice: 60% respond that they are self-employed mainly through personal preference (Figure 4). However, some 20% of the self-employed in the EU28 indicate that they became self-employed because they had no other alternatives for work. This means that one in five self-employed people are in an employment situation they would – at least initially – not wish to be in. For self-employed people without employees, this share is higher at roughly one in four. Conversely, for the self-employed that do employ staff, the move into self-employment is a genuine choice for 9 out of 10. Finally, some 16% of the self-employed indicate a combination of reasons: they became self-employed based on their own preferences, but also because there were no other alternatives for work.

Figure 5 shows some striking differences between countries when the reasons for becoming self-employed are examined. In the majority of cases (59%), self-employment is a genuine choice, and this is more often the case (nearly four out of five) in Belgium, Finland, Sweden and the UK. However, for one worker in five (20%) in EU28, there were no other alternatives for work; this is the case for more than one in three workers in Portugal (34%), Austria (36%) and Romania (37%). More men (61%) than women (57%) indicate that they are self-employed based on their own choice, while more women (21%) than men (19%) say that their decision was based on no other alternatives for work being available. Similarly, workers aged 50 and over most often indicate that being self-employed was their own choice (61%), compared with the middle-age group (35–49 years) and the younger age group (aged under 35) (59% and 53% respectively). A quarter of the younger self-employed aged under 35 (24%) say they have no other alternatives for work, compared with 19% of the self-employed between the ages of 35 and 49, and 18% of the self-employed aged 50 and over.

In terms of occupations, some differences are also found. Self-employed professionals (74%), managers (66%) and technicians and associate professionals (65%) are more likely to say that they are self-employed due to personal preference, compared with only 33% of the self-employed in elementary occupations. Some 42% of the self-employed in elementary occupations and 26% in skilled agricultural occupations indicate that they had no other alternatives for work.

In terms of sectors, a high proportion of workers in health (74%) and education (67%) are self-employed due to individual preference, while more workers in agriculture (27%) and transport (24%) than in other sectors are self-employed because they have no other alternatives for work.

Individual assessment of work situation

The above analysis shows that, although many workers are self-employed due to personal choice, others entered self-employment because there were no other alternatives for work. The reasons for opting for self-employment are likely to be related to how the self-employed assess the work situation in which they find themselves.

The EWCS included several questions aimed at eliciting an assessment of the self-employed’s current work situation. Respondents were asked whether they agreed with the following statements: ‘I enjoy being my own boss’ and ‘I find it hard to bear the responsibility of running my business’.

Figure 4: Main reasons for self-employment

<table>
<thead>
<tr>
<th>With employees</th>
<th>Without employees</th>
<th>All self-employed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mainly through own personal preferences</strong></td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td><strong>No other alternatives for work</strong></td>
<td>15</td>
<td>17</td>
</tr>
<tr>
<td><strong>A combination of both</strong></td>
<td>10</td>
<td>24</td>
</tr>
<tr>
<td><strong>Neither of these reasons</strong></td>
<td>71</td>
<td>54</td>
</tr>
</tbody>
</table>

**Note:** The question in the EWCS is: ‘When you became self-employed, was it mainly through your own personal preference or because you had no other alternatives for work?’
Overall, most self-employed people look favourably on the notion of being their own boss – on average in the EU, 9 out of 10 self-employed workers (89%) enjoy this situation (Figure 6). This figure varies between countries, with lower proportions found in Croatia (78%), Poland (82%), Italy (84%), Hungary (84%),

Figure 6: Proportion of self-employed who enjoy being their own boss (%)

[Bar chart showing proportions of self-employed who enjoy being their own boss by country]
Portugal (85%) and Spain (86%), compared with nearly the majority of respondents in the Czech Republic, Denmark, Luxembourg, Malta, the Netherlands and Sweden (98%).

Although most self-employed people enjoy being their own boss, not all are equally comfortable with the responsibility that comes with it. In fact, one in four workers (26%) find the responsibility of running their own business hard to bear (Figure 7), again reflecting the diversity in how the self-employed consider their work situation. There are striking differences in terms of countries. The proportion of self-employed people who find the responsibility for their business hard to bear varies from 10% or less in Malta (5%), Hungary (9%) and Sweden (10%), to around half or more of the self-employed in Austria (45%), Slovenia (45%), France (46%), Lithuania (58%) and Greece (65%).

Those who enjoy being their own boss generally find it less hard to bear the responsibility of running a business and vice versa. Figure 8 displays country averages for these questions and makes it clear that they are indeed associated with each other. Figure 8 also indicates that the group of people who became self-employed out of personal preference tend to be those who declare that they enjoy being their own boss and find it easier to bear the responsibility for their business, in contrast to the group who became self-employed because they had no alternatives for work. The relationship between the two variables is less strong for those who became self-employed due to choice rather than circumstances (no alternative), indicating that for this group, finding it hard to bear the responsibility does not necessarily go hand in hand with lower enjoyment of being your own boss. This is much more the case for those who have no alternatives for work. Overall, this analysis shows that the reasons for becoming self-employed are important in determining how the self-employed assess their work situation.

Figure 7: Proportion of self-employed who find it hard to bear the responsibility of running their business (%)

Figure 8: Reasons for self-employment measured by scales for ‘Enjoy being own boss’ and ‘Hard to bear responsibility of running their business’

Notes: Scales on both axes are from 1 (strongly disagree) to 5 (strongly agree). Average score per country for both questions separately.
When the self-employed with and without employees are compared in relation to their responses to ‘enjoy being own boss’ and ‘hard to bear responsibility of running the business’, the differences are relatively small. Overall, the self-employed with employees enjoy being their own boss slightly more than the self-employed without employees, while the self-employed without employees find the responsibility for the business slightly less hard to bear. Fewer workers in elementary occupations (75%) and in the transport sector (79%) are convinced that they enjoy being their own boss in comparison with workers in other sectors, but the same pattern is not apparent for the ‘hard to bear responsibility of running the business’ indicator.

Finally, self-employment is associated with higher levels of financial risk in comparison with dependent employment. One of the most common risks for the self-employed is loss of income due to illness. Unlike employees, the self-employed are not usually covered against this risk by social protection systems. In an attempt to gauge the perception of financial security among the self-employed, the EWCS asked self-employed respondents whether they feel they are financially secure in the case of long-term sickness.

Almost half of the self-employed in the EU28 (48%) indicated that they would not be financially secure in the case of a long-term illness (Figure 9). This ranges from just one self-employed worker in three in Sweden (26%), Romania (29%) and the Czech Republic (29%) to considerably higher proportions in Slovenia (62%), France (69%), Cyprus (72%) and Greece (75%). The self-employed without employees report greater financial vulnerability than the self-employed with employees. Also, women, younger workers and workers in elementary occupations report higher levels of financial vulnerability.

**Conclusions**

While the proportion of self-employed people in the EU28 is stable, it is clear that the composition of this group is changing. Growth in the services sector and public sector is driving up the proportion of self-employed workers in the labour force, while declining employment in agriculture is exerting a downward pressure. There is an increase in the proportion of the self-employed without employees – in part-time work in particular – while the proportion of the self-employed with employees is decreasing. In addition, some countries show greater changes in the proportion of self-employed workers than others.

Self-employed people assess their work situation quite differently. Although the majority became self-employed because they prefer this option, one in five reports that there were no alternatives open to them. Similarly, not all enjoy being their own boss or find it easy to bear the responsibility of having their own business. This seems to be linked to becoming self-employed out of necessity rather than opportunity. Finally, more than half of all self-employed people report that they would not be financially secure if faced with a long-term sickness.

These findings lead to some conclusions that are relevant to policymakers. Self-employed workers’ assessment of their situation points to the fact that not all self-employed people display the traits commonly associated with entrepreneurship, such as enjoying autonomy and embracing risk. This needs to be taken into account when developing policies to encourage...
self-employment as a way to boost job creation. Those who are self-employed based on genuine choice are more likely to enjoy being their own boss and to embrace the challenges that come with self-employment. This is likely to lead to more sustainable forms of self-employment.

The findings confirm that the self-employed are not a homogenous group and that this diversity needs further investigation. A better understanding of the characteristics of different groups of the self-employed will help to determine which forms of self-employment should be fostered through policy measures, and which should be discouraged.
2 Exploring the diversity of self-employed workers

The previous chapter showed that the self-employed are rather diverse in how they consider their employment situation. Most data on the self-employed distinguish only between the self-employed with and without employees. As is shown in this chapter, this distinction is not sufficient to capture the diversity of the self-employed.

One could argue that the self-employed should simply be asked to describe their employment situation for themselves. However, self-classification is not straightforward. Various terms are used, such as entrepreneur, freelancer, own-account worker, business owner and director, to name just a few. These terms are often undefined – or defined differently depending on the purpose (for example, for social security or tax purposes, or for statistical data) – and differ between countries. Chapter 4 expounds on the legal and statistical classifications of the self-employed.

Respondents to the sixth EWCS were presented with a range of categories by which to classify themselves. Respondents could choose more than one category and no definition was given for the various categories. The categories (and the proportion of respondents who indicated that the category described their status) are:

- ‘sole director of own business’ (30%);
- ‘partner in a business’ (12%);
- ‘working for yourself’ (46%);
- ‘working as a subcontractor’ (3%);
- ‘doing freelance work’ (9%);
- ‘paid a salary or a wage by an agency’ (1%); and
- ‘other’ (5%).

The majority (87%) of respondents chose one of those categories, and around 13% said that several of the categories applied to them. There were considerable differences in this respect between Member States: for example, 1% of the self-employed in Malta classified themselves as freelancers, compared with 29% in Austria.

Given that self-classification does not provide very reliable results, a different approach was chosen for the analysis of the EWCS data. The analysis in this chapter dispenses with these existing classifications and uses statistical tools to investigate whether groups of the self-employed sharing similar characteristics can be distinguished. The investigation starts with the assumption that it is unclear how the self-employed should be grouped and that it is not possible to observe any classes directly – it assumes that the classes are ‘latent’. Then, using latent class analysis, groups (termed ‘clusters’) of the self-employed are identified through an empirical estimation exercise.

As the analysis below shows, this statistical exercise leads to the identification of five clusters of self-employed workers, which capture the diversity more accurately than either the traditional dichotomy or self-classification. The clusters reflect a diversity that is more representative of the challenges that the self-employed face in today’s labour market, and give a more accurate picture of the different working conditions that the self-employed are experiencing. The empirical clustering is inferred from data from the sixth EWCS, undertaken in the EU28. The EWCS data have been weighted to adjust to the EU-LFS.

Analytical framework

The aim of the analysis is to demonstrate the range and diversity of self-employment in the EU28. An empirical estimation exercise groups the self-employed into clusters that are distinctly different from each other in terms of the concepts in current policy discussions: entrepreneurialism, economic dependence and economic sustainability. Latent class analysis (LCA) of the EWCS data allows us to determine whether it is indeed possible to differentiate between these clusters, and how these groups differ from one another.

The concepts of entrepreneurial drive, economic dependence and economic sustainability are abstract, difficult to grasp and not directly measurable. Therefore, it is important to operationalise them by approximation in order to measure them. The sixth EWCS includes variables that could be considered as indicators for the concepts of interest. However, these are subject to measurement error: there are no indicators that perfectly and exclusively measure these concepts. By considering a range of indicators to measure each (or multiple) concepts, the aim is to capture the defining aspects of each concept; by looking at how these indicators are related to each other, it is possible to assess whether groups can be identified that differ markedly in terms of the indicators of entrepreneurialism, economic dependence and economic sustainability.

In technical terms, the abstract concepts that cannot be measured directly can be considered as ‘latent variables’. This notion is behind the basic idea of LCA, the statistical technique used for the analysis (see Box 1).
Table 1 shows the EWCS variables and the categories that were selected for inclusion in the analysis. The columns show for which of the dimensions they are considered as indicators. Table 1 is merely a rationale for the choice of variables included in the model and is not a hypothesis that is being tested. The question to be addressed and tested statistically is whether it is possible to discern groups that differ in terms of the variables included in the model, and if so, how many there are and what are their characteristics.8

Box 1: Clustering self-employed people using LCA

In order to identify the groups of self-employed people who share similar characteristics in terms of their work status, a statistical technique known as ‘latent class analysis’ (Hagenaars and McCutcheon, 2002) is used. In terms of these characteristics – or the variables that are indicators for these characteristics – the analysis produces a classification of groups or ‘clusters’ that are distinct from each other, but where each cluster’s members share similarities. LCA allows for the testing of the relevance or reliability of the indicators included in the model and its overall fit, as well as the number of clusters that can be distinguished. For more information on the methodology, see the analysis of the EWCS prepared for this report by De Moortel and Vanroelen (2017).

Table 1: Variables included in the LCA model

<table>
<thead>
<tr>
<th>No.</th>
<th>Indicator (including categories)</th>
<th>Entrepreneurialism</th>
<th>Economic or operational dependence (autonomy)</th>
<th>Economic sustainability/ precariousness</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>When you became self-employed, was it mainly through your own personal preference or because you had no better alternatives for work?</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>No alternatives for work (20%)</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Other reasons (80%)</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>2.</td>
<td>Self-employed in their role as boss or decision-maker</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Like being boss/taking decisions (87%)</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Unsure being boss/taking decisions (13%)</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>3.</td>
<td>Do you find it hard to bear the responsibility of running your business?</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Not hard to be self-employed (73%)</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Hard to be self-employed (28%)</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>4.</td>
<td>Regarding your business, do you, generally, have more than one client or customer?</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Yes (81%)</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>No (19%)</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>5.</td>
<td>Is it easy to find new customers?</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>[Strongly] agree (48%)</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Neither (28%)</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>[Strongly] disagree (24%)</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>6.</td>
<td>Regarding your business, do you have the authority to hire or dismiss employees?</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Yes (71%)</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>No (29%)</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>7.</td>
<td>Regarding your business, do you get paid an agreed fee on a weekly or monthly basis?</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Yes (38%)</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>No (62%)</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

8 In terms of the model, the effect of the latent categorical variable containing the clusters on the indicator variables listed in Table 1 are estimated. The research tested whether the latent variable has an effect on each of the individual indicators and assessed the overall fit of the model. For more details, see De Moortel and Vanroelen, 2017.
Potentially, more variables could be considered as relevant; in fact, more variables were considered initially, but have been excluded for reasons of high correlation with other variables, missing values or in the interests of simplifying the model in order to avoid identification problems (De Moortel and Vanroelen, 2017). Also, it may not always be clear, from deduction, what the variables are indicators for: indeed, some variables may reflect several aspects of the concepts of interest. The interrelation of variables and their distribution over the clusters provide a basis for their interpretation.

Finally, it is important to mention that the concepts of entrepreneurialism, economic dependence and economic sustainability are the basis for the selection of variables to include in the model, but that these concepts do not play a role in the actual empirical estimation. The LCA model is not structured by these concepts, since all indicators are included at the same level.

Categorisation into five clusters

The results of the LCA show that the self-employed in the EU28 can be roughly divided into five clusters. Figure 10 depicts the clusters and their absolute as well as relative sizes. The names of the clusters were chosen to illustrate the most important aspect of the nature of each group. It should be underlined that these are not commonly agreed or formal terms.

<table>
<thead>
<tr>
<th>No.</th>
<th>Indicator (including categories)</th>
<th>Entrepreneurialism</th>
<th>Economic or operational dependence (autonomy)</th>
<th>Economic sustainability/precariousness</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.</td>
<td>Is it easy to take time off at short notice for personal or family reasons?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Easy (83%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Difficult (17%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Does your business have one site or multiple establishments (more than one site)?</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>One site only (88%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>More than one site (12%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>How many employees in total work in your business?</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Work alone, no employees (55%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1–8 employees (37%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt;8 employees (8%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>During the last three years, has there been a restructuring or reorganisation at the workplace that has substantially affected your work?</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Yes (11%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>No (89%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>Income of in-work population in country-specific quintiles</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1st quintile (28%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2nd quintile (14%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3rd quintile (14%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4th quintile (17%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5th quintile (27%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>If I had a long-term sickness, I would be financially secure</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Would be secure (32%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Neither (18%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Would be insecure (50%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14.</td>
<td>How many days per week do you usually work in your main paid job?</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1–5 days per week (48%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6 days per week (32%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7 days per week (20%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15.</td>
<td>Have you received training paid for by employer or by self if self-employed?</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Paid by employer or paid by oneself if self-employed (22%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>No training received (78%)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The 32 million self-employed in the EU28 represent roughly 14% of all employed people and according to the analysis can be divided into five clusters. Two of the five clusters (employers and stable own-account workers) represent about half of the self-employed – just over 16 million people – and generally have more favourable characteristics. These groups tend to be more independent and enjoy greater discretion over their work, are engaged in bigger and economically more viable and sustainable activities, and are more likely to be self-employed out of choice.

For two other clusters (vulnerable and concealed), and representing eight million people (roughly the size of Austria’s population), the opposite is the case: they are generally more dependent and have less autonomy over their work. These two latter groups are in more precarious situations, with lower levels of income and job security. They experience, overall, rather unfavourable working conditions.

For the final cluster (small traders and farmers), individually representing around eight million people, the picture is more mixed, with a combination of both favourable and unfavourable working conditions.

The LCA looked for patterns in terms of the 15 indicators listed in Table 1. By showing how each of the clusters scores on these indicators, the defining characteristics of each cluster can be revealed. In Figure 11, the characteristics of the five clusters of self-employed shown in Figure 10 (in terms of the first three indicators) are displayed. For example, the first line in Figure 11 shows that nearly all of the self-employed in the ‘employers’ cluster did not become self-employed out of necessity (dark blue bubble), in other words, they are self-employed through personal choice. In contrast, around 60% of the self-employed in the ‘vulnerable’ cluster (magenta bubble) are not self-employed out of necessity. The sizes of the bubbles in each chart represent the relative sizes of the clusters within the total of the self-employed. The numbers of the indicators refer to the question numbers in Table 1.

Figure 11 to Figure 16 show – in the case of each indicator – how the five clusters differ from each other.
Figure 11: Clusters of self-employed by indicators 1–3

- (1) Not self-employed out of necessity
- (2) Like being boss/taking decisions
- (3) Not hard to be self-employed

Figure 12: Clusters of self-employed by indicators 4–5

- (4) More than one client
- (5) Easy to find new customers (agree)

Figure 13: Clusters of self-employed, by indicators 6–8

- (6) Authority to hire and dismiss
- (7) Not paid a weekly/monthly fee
- (8) Easy to take time off
Exploring self-employment in the European Union

Figure 14: Clusters of self-employed by indicators 9–10

- (9) More than one work site
- (10) No employees
- (10) 1–8 employees
- (10) > 8 employees

Figure 15: Clusters of self-employed by indicators 11–13

- (11) Restructuring at the workplace
- (12) Lowest income quintile
- (12) Highest income quintile
- (13) Financially secure in case of sickness

Figure 16: Clusters of self-employed, by indicators 14–15

- (14) 1–5 days per week
- (14) 6 days per week
- (14) 7 days per week
- (15) Training received
It is interesting to examine how the five clusters identified are spread across occupational groups and across sectors. Table 2 shows the distribution of the clusters across broad occupational groups based on the International Standard Classification of Occupations (ISCO-08) and Table 3 shows the distribution across economic sectors based on the Statistical Classification of Economic Activities in the European Community (NACE Rev. 2). The figures in the first column of both tables present the percentage of self-employed in each occupational category or economic sector. For example, 14% of the self-employed are managers (Table 2) and 14% are in agriculture (Table 3). Moving to the right in each row, it can then be seen how the clusters are represented in each occupational group (Table 2) or sector (Table 3); for example, for the occupational group ‘managers’, 38% are in the ‘employers’ cluster and 35% are in the ‘small traders and farmers’ cluster.

The next section describes the clusters one by one, starting with the largest group (‘stable own-account workers’) and ending with the smallest group (‘concealed’). For each cluster, the most prominent features are outlined by referring back to the results presented in Figures 11 to 16 above.

Box 2 presents a breakdown of the self-employed by gender and age, while Box 3 at the end of the section examines how the clusters compare with other classifications, such as the traditional ones of self-employed with employees and self-employed without employees.

### Table 2: Distribution of clusters across occupational categories (ISCO-08)

<table>
<thead>
<tr>
<th>Occupational category (% of self-employed)</th>
<th>Stable own-account workers</th>
<th>Small traders and farmers</th>
<th>Employers</th>
<th>Vulnerable</th>
<th>Concealed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers (14%)</td>
<td>15%</td>
<td>35%</td>
<td>38%</td>
<td>7%</td>
<td>5%</td>
</tr>
<tr>
<td>Professionals (18%)</td>
<td>32%</td>
<td>16%</td>
<td>31%</td>
<td>8%</td>
<td>13%</td>
</tr>
<tr>
<td>Technicians (12%)</td>
<td>37%</td>
<td>21%</td>
<td>23%</td>
<td>11%</td>
<td>8%</td>
</tr>
<tr>
<td>Clerical support workers (1%)</td>
<td>14%</td>
<td>27%</td>
<td>32%</td>
<td>11%</td>
<td>16%</td>
</tr>
<tr>
<td>Service and sales workers (17%)</td>
<td>26%</td>
<td>36%</td>
<td>19%</td>
<td>14%</td>
<td>6%</td>
</tr>
<tr>
<td>Skilled agricultural (13%)</td>
<td>17%</td>
<td>29%</td>
<td>14%</td>
<td>36%</td>
<td>4%</td>
</tr>
<tr>
<td>Craft and related trades (15%)</td>
<td>30%</td>
<td>25%</td>
<td>23%</td>
<td>13%</td>
<td>10%</td>
</tr>
<tr>
<td>Plant and machine operators (3%)</td>
<td>32%</td>
<td>22%</td>
<td>20%</td>
<td>11%</td>
<td>16%</td>
</tr>
<tr>
<td>Elementary occupations (7%)</td>
<td>22%</td>
<td>18%</td>
<td>10%</td>
<td>39%</td>
<td>12%</td>
</tr>
<tr>
<td>Total (100%)</td>
<td>26%</td>
<td>26%</td>
<td>23%</td>
<td>17%</td>
<td>8%</td>
</tr>
</tbody>
</table>

### Table 3: Distribution of clusters across economic sectors (NACE Rev. 2)

<table>
<thead>
<tr>
<th>Economic sector (% of self-employed)</th>
<th>Stable own-account workers</th>
<th>Small traders and farmers</th>
<th>Employers</th>
<th>Vulnerable</th>
<th>Concealed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture (14%)</td>
<td>16%</td>
<td>29%</td>
<td>14%</td>
<td>37%</td>
<td>4%</td>
</tr>
<tr>
<td>Industry (9%)</td>
<td>25%</td>
<td>25%</td>
<td>28%</td>
<td>12%</td>
<td>11%</td>
</tr>
<tr>
<td>Construction (10%)</td>
<td>27%</td>
<td>21%</td>
<td>28%</td>
<td>12%</td>
<td>13%</td>
</tr>
<tr>
<td>Commerce and hospitality (23%)</td>
<td>23%</td>
<td>38%</td>
<td>26%</td>
<td>9%</td>
<td>5%</td>
</tr>
<tr>
<td>Transport (3%)</td>
<td>30%</td>
<td>22%</td>
<td>16%</td>
<td>16%</td>
<td>15%</td>
</tr>
<tr>
<td>Financial services (4%)</td>
<td>30%</td>
<td>23%</td>
<td>31%</td>
<td>7%</td>
<td>9%</td>
</tr>
<tr>
<td>Public administration (&lt;1%)</td>
<td>44%</td>
<td>21%</td>
<td>15%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Education (3%)</td>
<td>33%</td>
<td>14%</td>
<td>15%</td>
<td>16%</td>
<td>22%</td>
</tr>
<tr>
<td>Health (6%)</td>
<td>32%</td>
<td>15%</td>
<td>34%</td>
<td>11%</td>
<td>9%</td>
</tr>
<tr>
<td>Other services (27%)</td>
<td>32%</td>
<td>19%</td>
<td>21%</td>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td>Total (100%)</td>
<td>26%</td>
<td>26%</td>
<td>23%</td>
<td>17%</td>
<td>8%</td>
</tr>
</tbody>
</table>
Cluster 1: Stable own-account workers

The largest cluster of self-employed people comprises 8.3 million people, or 26% of the self-employed in the EU28, and has been labelled ‘stable own-account workers’ (Figure 18). Only a small fraction (12%) of the self-employed in this cluster became self-employed out of necessity, and nearly all like being self-employed and do not find it hard to bear the responsibility (Figure 11). The bargaining power of the self-employed in this cluster is strong, as they are very likely to have more than one client (93%) and can easily find new ones (53%) (Figure 12). The size of economic activity is limited to one site only (98%) and 99% do not employ any staff (Figure 14). The job is relatively sustainable and not precarious, given this cluster’s low representation in the lowest income quintile and the average level (compared with that of other self-employed workers) of financial security in the case of sickness (Figure 15). Most of the self-employed in this category have high discretion over their professional life: they would have the authority to dismiss personnel (if applicable) and almost 90% are able to take time off at short notice for private matters (Figure 13). The category is most strongly represented in the Netherlands and least represented in the Baltic states, Croatia, Greece, Poland and Romania. In terms of sectoral distribution, they are overrepresented in the services sector and public sector.
Cluster 2: Small traders and farmers

The second cluster of the self-employed, labelled ‘small traders and farmers’ (Figure 19), comprises 8 million people or 25% of the self-employed. These generally have not become self-employed out of necessity. They are also self-employed people who predominantly work without employees or with a limited number of employees and on one site only. They are generally economically independent because they have several clients and most of them find it easy to attract new customers. Economic sustainability is not an issue for most people in this cluster as incomes tend to be at the higher end. Almost two-thirds, however, state they would be financially insecure in the case of sickness. While ‘small traders and farmers’ have discretion over their work situation, they find it relatively difficult to take an hour or two off for personal or family reasons. This is in line with the fact that work tends to be intense in this cluster: more than 70% work six or seven days a week. Also, this cluster has the highest proportion of respondents (40%) stating that bearing the responsibilities of being one’s own boss is hard (Figure 11). That, however, does not mean that they do not value being self-employed: only 14% doubt their role as decision-maker. ‘Small traders and farmers’ are overrepresented in agriculture and commerce, and are most common in France, Greece, Ireland, Slovenia and Spain.

Figure 18: Top 10 occupations (ISCO-08) within ‘stable own-account workers’ cluster and geographical distribution, EU28

Cluster 2: Small traders and farmers

The second cluster of the self-employed, labelled ‘small traders and farmers’ (Figure 19), comprises 8 million people or 25% of the self-employed. These generally have not become self-employed out of necessity. They are also self-employed people who predominantly work without employees or with a limited number of employees and on one site only. They are generally economically independent because they have several clients and most of them find it easy to attract new customers. Economic sustainability is not an issue for most people in this cluster as incomes tend to be at the higher end. Almost two-thirds, however, state they would be financially insecure in the case of sickness. While ‘small traders and farmers’ have discretion over their work situation, they find it relatively difficult to take an hour or two off for personal or family reasons. This is in line with the fact that work tends to be intense in this cluster: more than 70% work six or seven days a week. Also, this cluster has the highest proportion of respondents (40%) stating that bearing the responsibilities of being one’s own boss is hard (Figure 11). That, however, does not mean that they do not value being self-employed: only 14% doubt their role as decision-maker. ‘Small traders and farmers’ are overrepresented in agriculture and commerce, and are most common in France, Greece, Ireland, Slovenia and Spain.

Figure 19: Top 10 occupations (ISCO-08) within ‘small traders and farmers’ cluster and geographical distribution, EU28
Cluster 3: Employers
The third cluster is labelled ‘employers’ (Figure 20), representing 7.4 million people or 23% of the self-employed. The self-employed in this cluster are characterised by working on multiple sites and employing multiple employees, often more than eight (Figure 14). Almost all (99%) have several clients and over half (53%) find it easy to find new clients (Figure 12), signalling a high level of economic independence. Also, economic sustainability is high. High earners are well represented in this cluster and it is the only cluster where a majority claim that they would be financially secure in the case of sickness. ‘Employers’ have high discretion over their professional situation, both in terms of laying off employees and of taking time off for personal or family matters. The self-employed in this cluster are very content with their work situation, as almost no one became self-employed out of necessity; they like to be their own boss and do not find it hard to bear the responsibility of running a business (Figure 11). Additionally, the majority of workers in this cluster have a relatively balanced working week: 54% work one to five days and 33% six days. ‘Employers’ are relatively less present in eastern and southern European countries and overrepresented in Denmark. The financial services, health, construction, industry and commerce sectors have higher proportions of the self-employed that belong to this cluster. Men are slightly overrepresented in this cluster: 70% of ‘employers’ are male, compared with 63% for all self-employed together.

Cluster 4: Vulnerable
The ‘vulnerable’ self-employed (Figure 21) account for 5.4 million people or 17% of the self-employed. This cluster is most strongly characterised by high economic dependence and precariousness. More than half have only one client (55%) and almost half (48%) find it difficult to find new clients (Figure 12). These are high shares in comparison with the other clusters, signalling a potentially more dependent work situation. The self-employed in this cluster almost exclusively work on one site only and a majority (76%) work alone, while 24% have between one and eight co-workers (Figure 14). The economic sustainability of these jobs is generally low: four out of five self-employed in this cluster are in the lowest and the second lowest income quintiles, and they are generally not paid a fixed fee on a weekly or monthly basis, possibly reinforcing the more casual nature of the work. In addition, more than half (54%) would be financially insecure in the case of sickness. Discretion at work is mixed: only a minority (28%) have the authority to dismiss employees, but taking time off at short notice is easy for 84% (Figure 13). Generally, a large share of the self-employed in this cluster do not assess their work situation very positively – 40% became self-employed out of necessity and 34% do not like the responsibilities of being their own boss. Although most do not find it hard to be self-employed, a relatively high share (27%) finds it hard to bear the responsibility of having their own business. Members of this cluster in general do not have a highly intense working week – 35% work six days and 15% seven days. This may not be entirely voluntary, however. The highest share of ‘vulnerable’ self-employed can be found in Romania, but the share is also high in other countries in eastern Europe and the Baltic states. They are relatively uncommon in Belgium, Ireland, the Netherlands, Nordic countries and the UK. The cluster is overrepresented in agriculture. Women are strongly overrepresented in this cluster: 51% are female, compared with 37% for all self-employed. The same applies to age; the proportion of people aged 50 and over is 54% in this cluster, while this is 44% on average for all self-employed.
Cluster 5: Concealed

As the work situation of the fifth and final cluster of self-employed people most strongly resembles the work situation of employees, the label ‘concealed’ self-employed was given (Figure 22). Altogether, they comprise 2.6 million people or 8% of the self-employed. The majority in this cluster (65%) are paid on a weekly or monthly basis (Figure 13) and work with co-workers, while the majority (63%) work five days a week or fewer (Figure 16). This cluster is most strongly characterised by high levels of operational dependence or low autonomy at work. In general, they have limited discretion over their work situation: only 15% have the authority to dismiss other workers, and for 33%, it is difficult to take time off at short notice (Figure 13). One in three (34%) are self-employed out of necessity as they had no other options for work. This cluster has the highest share of people doubting their role as boss or decision-maker (50%) and 28% find it hard to bear the responsibility of running their own business (Figure 11). Also, a majority of the cluster (60%) would be economically insecure in case of sickness. A relatively high proportion (28%) work for one client only and 27% find it difficult to find new clients – proportions that are lower than for the ‘vulnerable’ self-employed. This seems to be in line with the income distribution of this cluster, which is relatively equal, albeit with an overrepresentation in the lowest income quintile (30%).

Figure 22: Top 10 occupations (ISCO-08) within ‘concealed’ cluster and geographical distribution, EU28

- Domestic cleaners and helpers: 5.2%
- Carpenters and joiners: 4.7%
- Musicians, singers and composers: 3.6%
- Social work/counselling professionals: 2.4%
- Security guards: 2.3%
- Gardeners, horticultural and nursery growers: 2.2%
- Other teaching professionals: 2.0%
- Bricklayers and related workers: 2.0%
- Commercial sales representatives: 2.0%
- Subsistence crop farmers: 2.0%
- Domestic cleaners and helpers: 2.0%
- Mixed crop and animal producers: 2.0%
- Field crop and vegetable growers: 2.0%
- Subsistence crop and livestock farmers: 2.0%
- Home-based personal care workers: 2.0%
- Gardeners and growers: 2.0%
- Livestock and dairy producers: 2.0%
- Street and related service workers: 2.0%
- Odd job persons: 2.0%

The proportion of ‘concealed’ self-employed is highest in the UK, and is also relatively high in the Baltic states, Germany, Poland and Slovakia. The lowest proportions can be found in the Nordic countries and the Netherlands. The ‘concealed’ cluster is most commonly found in industry, construction, transport and education. Men are overrepresented (72% versus 63% on average) and so are people younger than 35 (72% versus 16% on average).
Exploring self-employment in the European Union

Table 4 shows that the self-employed with and without employees are spread across the five clusters. This implies that by focusing only on the classification ‘with’ and ‘without employees’, the diversity depicted by the clusters is obscured. The self-employed with employees are mostly concentrated in the ‘employers’ and ‘small traders and farmers’ clusters, but these two clusters are very different from each other, as shown above. The self-employed without employees are spread across all five clusters of the self-employed, indicating that the diversity in that group is even bigger.

Another specific group of the self-employed featuring in Table 4 are the liberal professions. The European Centre for Liberal Professions characterises these occupations by:

- provision of a valuable intangible service that is distinctly intellectual in nature, based on advanced (academic) training; a service that is in the public interest; substantive and economic independence in executing tasks; provision of services in a personal capacity, on the provider’s own responsibility and in a professionally independent manner; a particular relationship of trust between the client and the service provider; a focus on providing the best possible service rather than on maximising profit; and compliance with precise, strict professional regulations and codes of professional ethics.

(European Centre for Liberal Professions, 2014, p. 108)

Common examples are notaries, dentists and pharmacists. Table 4 shows that they are most strongly represented by the clusters of ‘employers’ and ‘stable own-account workers’.

A final element in Table 4 is with regard to the so-called ‘economically dependent workers’. Given the lack of clear definitions of the economically dependent worker and the imprecise nature of the notion of dependence, measuring economic dependence is not straightforward. The EWCS contains a series of variables that could serve as proxies for the notion of economic dependence and can therefore be used to provide a rough estimate of the size of the group of economically dependent workers. This follows the methodology applied in an earlier study (Eurofound, 2013b). The following three questions are used in the EWCS to distinguish economically dependent workers from other self-employed workers:

- Regarding your business, do you generally have more than one client or customer?
- Regarding your business, do you generally have the authority to hire or dismiss employees?
- I make the most important decisions on how the business is run.

Self-employed workers without employees for whom fewer than two of the three criteria are fulfilled are considered to be economically dependent workers. In line with these criteria, some 1.3% of the EU labour force are in the category of economically dependent workers. Table 4 shows that they are almost exclusively concentrated in the ‘vulnerable’ and ‘concealed’ clusters, which together make up around 3.6% of the labour force.

Chapter 5 goes into the issue of economically dependent workers in more depth.
3 Self-employment and job quality

The analysis in the previous chapter identified five distinct clusters of self-employed based on empirical estimation. Each cluster exhibits a different set of characteristics in relation to a range of dimensions regarding the work situation (see Table 1 on p. 16). This chapter examines whether these differences between the groups are associated with different scores for the seven indices of job quality developed by Eurofound in its research into job quality (Eurofound, 2012a). The seven indices are:

- Skills and discretion
- Earnings
- Work intensity
- Prospects
- Working time quality
- Social environment
- Physical environment

At the end of the chapter, the association with outcomes in terms of health, well-being and productivity are also tested.

The analysis is not only performed for the five clusters, but includes the traditional categories of ‘self-employed with employees’ and ‘self-employed without employees’. This allows further insights into the extent to which the traditional typology may be hiding a wider diversity among the self-employed.

In addition, the self-employed are compared with employees on open-ended contracts and employees who do not have open-ended contracts. This allows for verification of the claim that some types of self-employed people experience working conditions that are very similar to those of certain types of employees.

Job quality plays a crucial role in making work sustainable and in fostering economic growth. Good job quality contributes to preserving the welfare state by allowing more workers to enter the labour market and to continue working longer if they so desire. It helps to meet people’s needs through their work: many aspects of job quality have been shown to have a causal effect on the health and well-being of workers. The sixth EWCS finds very clear associations between job quality indices and health and well-being indicators (Eurofound, 2016a). In addition, job quality can boost productivity, leading to win–win outcomes for workers and employers alike.

The overview report for the sixth EWCS (Eurofound, 2016a) operationalised the measurement of job quality by means of the seven job quality indices. These reflect the multidimensional nature of job quality and include a broad range of indicators for each index. As the EWCS is aimed at the entire working population, the specific situation of the self-employed with respect to these job quality dimensions may not always be entirely captured. Therefore, some of the job quality indices in the following section have been adapted to include only those indicators that are applicable to self-employed workers.

Self-employment and the job quality indices

Skills and discretion

The Skills and discretion job quality index covers a cognitive dimension (skills content of the job), decision latitude, organisational participation and training. The indicators for organisational participation are more applicable to employees, and as training is already included in the cluster analysis, these indicators are not covered here.

Discretion over work and cognitive features of work differ substantially between the different types of self-employed. The differences are much less pronounced when comparing the conventional typology of self-employed with and without employees. Table 5 shows that ‘stable own-account workers’, ‘employers’ and ‘small traders and farmers’ have overall higher levels of decision latitude than ‘vulnerable’ and ‘concealed’ self-employed people. For the latter cluster, the levels of discretion approximate to the levels found for employees, reinforcing the sense of an ‘employee-like’ nature among this group of the self-employed.

Using the classification of self-employed with and without employees, differences in decision latitude are hardly visible or not significant.

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9 All the job quality indices are measured on a scale from 0 to 100, except for Earnings, which is measured in euros. With the exception of work intensity, the higher the index score, the better the job quality (Eurofound, 2016a, p. 37).
Differences in cognitive work – as measured by the extent to which workers engage in complex tasks and learn new things – follow a similar pattern, except that it is mostly the ‘vulnerable’ self-employed who are engaged in activities that lack cognitive demands. Their levels are lower than those of employees in non-permanent contracts. This is largely related to the prevalence of the ‘vulnerable’ cluster in agricultural and elementary occupations (see Box 4).

Earnings

Earnings are included in the analysis and, when comparing the groups by income deciles, strong differences can be observed. Overall, the self-employed earn on average about 21% more than employees do in the EU28 (horizontal axis of Figure 23). These are the monthly real earnings after tax, and so would also include any differences in tax regimes that may exist between the self-employed and employees.

There are stark differences in earnings between different types of self-employed workers however. When looking at the traditional classification of self-employed with and without employees, it can be seen that the monthly earnings of the self-employed with employees are substantially higher than those of the self-employed without employees (Figure 23). In terms of earnings, employees are close to the self-employed without employees, with employees on permanent contracts earning slightly more and those not on permanent contracts earning less.

When looking at the five groups of self-employed identified in the cluster analysis, the differences are even bigger: the cluster comprising ‘employers’ earn the most (and more than the self-employed with employees), while the ‘vulnerable’ earn substantially less than the self-employed without employees, and also less than those employees not on permanent contracts. To some extent, the lower earnings of the ‘vulnerable’ cluster can be explained by their sectoral and geographical concentration. Both ‘stable own-account workers’ and ‘vulnerable’ self-employed do not employ any staff, but the earnings of ‘stable own-account workers’ are higher than those of the ‘vulnerable’ self-employed, who have earnings far below the average earnings of employees.

<table>
<thead>
<tr>
<th></th>
<th>Order of tasks</th>
<th>Methods of work</th>
<th>Speed or rate of work</th>
<th>Important decisions</th>
<th>Complex tasks</th>
<th>Learning new things</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stable own-account workers</td>
<td>92</td>
<td>93</td>
<td>93</td>
<td>91</td>
<td>65</td>
<td>76</td>
</tr>
<tr>
<td>Employers</td>
<td>92</td>
<td>92</td>
<td>90</td>
<td>92</td>
<td>70</td>
<td>80</td>
</tr>
<tr>
<td>Small traders and farmers</td>
<td>89</td>
<td>89</td>
<td>87</td>
<td>90</td>
<td>58</td>
<td>70</td>
</tr>
<tr>
<td>Vulnerable</td>
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<td>82</td>
<td>86</td>
<td>77</td>
<td>40</td>
<td>45</td>
</tr>
<tr>
<td>Concealed</td>
<td>63</td>
<td>71</td>
<td>71</td>
<td>58</td>
<td>59</td>
<td>72</td>
</tr>
<tr>
<td>Self-employed with employees</td>
<td>91</td>
<td>91</td>
<td>90</td>
<td>94</td>
<td>70</td>
<td>78</td>
</tr>
<tr>
<td>Self-employed without employees</td>
<td>87</td>
<td>88</td>
<td>89</td>
<td>86</td>
<td>58</td>
<td>71</td>
</tr>
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<td>Self-employed (total)</td>
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<td>89</td>
<td>89</td>
<td>88</td>
<td>62</td>
<td>73</td>
</tr>
<tr>
<td>Employees, permanent contract</td>
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<td>67</td>
<td>69</td>
<td>58</td>
<td>65</td>
<td>73</td>
</tr>
<tr>
<td>Employees, other</td>
<td>58</td>
<td>59</td>
<td>64</td>
<td>66</td>
<td>56</td>
<td>62</td>
</tr>
<tr>
<td>Employees (total)</td>
<td>64</td>
<td>66</td>
<td>68</td>
<td>41</td>
<td>61</td>
<td>71</td>
</tr>
</tbody>
</table>

Box 4: Composition effects

Some groups of the self-employed are overrepresented in certain sectors or occupations (see Table 2 and Table 3 in the previous chapter). Some of the differences in job quality may therefore be due to composition effects, rather than being explained by the different characteristics of groups of self-employed. Multivariate regression of all indices and indicators presented in this chapter, however, confirms that after controlling for gender, age, country, sector and occupation, the different groups of self-employed are still significantly different from each other. This indicates that the differences between the groups cannot be explained by composition effects. In some instances, the differences become smaller after controlling for composition effects: for more substantial changes, this is indicated in the text.
Monthly earnings of the ‘concealed’ self-employed are on a par with those of employees. Hourly earnings are probably lower, because the usual working hours of the ‘concealed’ are slightly higher than for employees (Figure 26). This shows that, despite their taking on more risks as self-employed workers, the monetary benefits for workers in this category do not outweigh those of employees. In fact, when compared with employees who have permanent contracts, earnings are even somewhat lower. This apparent absence of a risk premium should be interpreted with caution, however, because the self-employed are more likely to underreport their earnings, and so the differences may in fact be smaller than observed in the EWCS. In addition, the self-employed may be less dependent on income at a given time than employees, as they may build up capital or invest to acquire more earnings in the long run.

In addition to earnings, it is also important to consider the extent to which workers consider their monetary reward to be fair. Workers who perceive their level of rewards (including earnings) not to be in proportion to the effort they make for the job are considered to be in an ‘effort–reward imbalance’ (Siegrist, 1996). This has been associated with adverse health effects and stress. To capture this, the EWCS includes the question ‘Considering all your efforts and achievements in your job, do you feel you get paid appropriately?’ The results of the analysis of this question are plotted on the vertical axis of Figure 23.

Those who earn more are generally more likely to feel that they are paid appropriately, with the ‘employers’ at the positive extreme and the ‘vulnerable’ at the negative extreme. All other groups are positioned roughly along the line between these two, except for the ‘small traders and farmers’ group, who earn about the same as employees, the self-employed without employees or ‘concealed’ self-employed, but feel most strongly of all groups that they do not get paid appropriately. This may relate to their long working weeks – about a third works seven days a week – and is in line with the high proportion of self-employed people within this group who say they find it very hard to bear the responsibility of being self-employed.

Figure 23: Earnings and the perception of being paid appropriately

**Note:** PPP = purchasing power parity

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10 Actual earnings are estimated to be around 10% to 40% higher: see for example Johansson (2005) for Finland and Martínez (2011) for Spain.
Work intensity

The Work intensity index includes several aspects: quantitative demands (tight deadlines, high speed), the number of pace-of-work determinants and their interdependence, and emotional demands such as dealing with angry clients or having to hide their emotions on the job.

Generally, the work intensity of all groups of the self-employed is the same or less than the work intensity of employees. Employees experience more quantitative demands and more disruptive interruptions than the self-employed. These differences, however, are mostly concentrated within the clusters of ‘vulnerable’ and ‘stable own-account workers’, who show substantially lower levels of work intensity (Figure 24). For example, 28% of employees ‘work to tight deadlines’ for most or all of the time, and this is much less common for the ‘stable own-account workers’ (19%) and for the ‘vulnerable’ self-employed (14%). Also, 6% and 5% of these groups, respectively, are frequently interrupted in their work in a way that is disruptive to them, while this is the case for 17% of employees.

The lower levels of intensity for ‘stable own-account workers’ can to some extent by explained by their overrepresentation in the public sector, where work is on average less intense. For the ‘vulnerable’ self-employed cluster, their overrepresentation in elementary occupations and skilled agricultural occupations explains some of the difference, because both occupational groups show lower average levels of intensity. Nevertheless, differences in intensity can be explained by composition effects only to a small extent. By far the largest part of the variances observed is due to differences between the groups of self-employed.

Following the traditional dichotomy between self-employed with and without employees, strong differences in work intensity are also observable: the self-employed with employees achieve a score of 35 on the work intensity index, while this is 27 for those without employees. Having or not having employees may therefore explain part of the differences between self-employed groups in terms of work intensity. However, both the ‘vulnerable’ and ‘concealed’ self-employed clusters consist almost exclusively of the self-employed without employees. Still, they experience very different levels of intensity (scores of 20 and 34 respectively). This indicates that distinguishing between the self-employed with and without employees can explain the differences in work intensity only to a limited extent.

Prospects

The Prospects index measures the continuity of employment as assessed through a person’s employment status and type of contract, job security, and career prospects. As shown in Chapter 1, some self-employed people may deliberately choose self-employment in the expectation of better income prospects or more autonomy. Others may become self-employed out of necessity, because no opportunities for salaried employment are available. For the first group, one would expect high levels of perceived job security and a positive outlook on future career development. For the latter group, the opposite may be more likely.

The groups that are most likely to have become self-employed because there were no other alternatives for work – the ‘vulnerable’ (40%) and ‘concealed’ (34%) – are also the groups that report the highest levels of job...
Almost a quarter of the people in these groups ‘strongly agree’ or ‘tend to agree’ with the statement that they might lose their job in the next six months. This is substantially lower for the other groups of self-employed workers, as well as for employees with permanent contracts. Employees without permanent contracts are the most insecure, with 40% either strongly agreeing or tending to agree with the statement that they might lose their job in the next six months. Prospects for career advancement are rated the highest among ‘employers’, while for the other groups, this seems to be roughly the same as for employees. The ‘vulnerable’ self-employed are an exception, however: only 19% think they have good prospects for career advancement. To some extent, this is related to their overrepresentation in the agricultural sector. Despite high levels of job insecurity, the perceived career prospects of the ‘concealed’ self-employed are about the same as those of employees.

A note of caution is appropriate here. Fear of losing one’s ‘job’ may not mean the same for a self-employed person as it does for an employee because the ‘job’ may be interpreted differently. In the case of a self-employed person, a ‘job’ could mean a project or a client.

**Working time quality**

The duration and organisation of working time are important for job quality because they influence health and well-being, as well as the fit between working time and non-working time. Both factors are important in promoting sustainable work. The self-employed would naturally be expected to have more autonomy over their working time, thereby allowing for a better fit between private and working life. At the same time, however, the self-employed have a greater incentive to work more hours as the number of hours worked has a more direct effect on their income. Also, the self-employed are not bound by contractually agreed working time such...
as the Working Time Directive (2003/88/EC). This increases the risk of long working hours (48 hours or more a week), insufficient recovery time, and a poor fit between working and private life.

The Working time job quality index includes indicators on the duration of working time (long working hours, long working days and recovery periods), atypical working time (night, weekend or shift work), working time arrangements and flexibility. The ‘small traders and farmers’, as well as the ‘concealed’ self-employed, find it more difficult to take an hour or two off for private matters than the other groups of self-employed (see Figure 13 in Chapter 2). Looking at the Working time quality index overall, it can be seen that all forms of self-employment are associated with lower working time quality than that of employees (Figure 25). The exceptions are the ‘stable own-account workers’ and ‘vulnerable’ self-employed clusters, which have a working time quality roughly the same or even slightly better than that of employees.

‘Stable own-account workers’ and ‘concealed’ self-employed work roughly the same number of hours per week on average as employees do (Figure 26). Some 82% of ‘stable own-account workers’ can entirely determine their working hours, while the equivalent figure for the ‘concealed’ is only 37%. For employees, this is just 6%. Some 30% of the ‘concealed’ self-employed have working hours that are completely determined by the company or organisation they work for. The relatively low working time quality of the ‘small traders and farmers’ is largely driven by their number of working hours, which averages 48 hours a week. Unsurprisingly, nearly two-thirds of the ‘small traders and farmers’ would prefer to work fewer hours. In addition, this group also works many atypical hours: night and weekend work is very common for these self-employed workers.

The ‘vulnerable’ self-employed are characterised by a low number of working hours (29 hours), hence having a low risk of working too many hours. This group have a lot of flexibility over their hours and work relatively few atypical hours. However, their hours are the least regular of all workers – while 62% of employees work the same number of hours every day and 78% work the same number of days every week, this is 27% and 50% respectively for the ‘vulnerable’ self-employed. Although working less may reduce the risk of long hours and days, it is important to note that 27% of the ‘vulnerable’ self-employed actually would like to increase their working hours, compared with 14% of employees. This is likely to be related to their income situation: 15% of the ‘vulnerable’ self-employed have ‘great difficulty’ in making ends meet. Only 3% of employees struggle to make ends meet to the same degree.

Social environment

A good social environment at work is characterised by the absence of adverse social behaviour, such as bullying and harassment, as well as supportive social interaction. Both dimensions are related to reductions in staff turnover and absenteeism, and higher levels of health and well-being, as well as performance at work (Eurofound, 2016a).

Overall, the self-employed are exposed to less adverse social behaviour than employees (Figure 27). The ‘concealed’ self-employed, however, face substantially more adverse social behaviour than employees or other types of self-employed workers – about one in five self-employed people in this cluster had been subject to verbal abuse in the month prior to the survey. Also, the level of threats and humiliating behaviours is substantially higher. The EWCS also features a range of questions on management quality and support from colleagues or managers. As these are more applicable to employees, they are not included in this analysis.
Physical environment

Differences in exposure to physical risks between the self-employed and employees are limited. Figure 28 shows indices on posture-related risks (for example, carrying heavy loads and repetitive movements), biochemical (for example, inhaling smoke or handling chemical products) and ambient (for example, vibrations, noise or extreme temperatures), as well as an index that combines these indices. Exposure to ambient risks and posture-related risks is slightly higher for the ‘small traders and farmers’, ‘vulnerable’ and ‘concealed’ clusters than for other self-employed or employees, but overall the differences are small.

To some extent, the differences between the five clusters can be explained by sectoral, occupational and geographical composition. For example, the ‘vulnerable’ self-employed are more strongly represented in occupations and sectors characterised by more physical risks and are strongly represented in countries having greater exposure to physical risks. Also for this index, it is apparent that the typology of the five groups of self-employed reveals differences that are not visible when comparing the self-employed with and without employees. Differences in physical risks between these two groups are not significant.

Health and well-being

The analysis in the previous section showed that job quality varies considerably between the different groups of the self-employed. It also confirmed the notion that the diversity in job quality cannot be adequately captured when distinguishing just two categories using the traditional classification of self-employed with and without employees. This section examines outcomes with regard to health, well-being and productivity and identifies the differences between the five clusters.

<table>
<thead>
<tr>
<th></th>
<th>Posture-related risks</th>
<th>Biochemical risks</th>
<th>Ambient risks</th>
<th>Physical risk index (total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stable own-account workers</td>
<td>23</td>
<td>9</td>
<td>13</td>
<td>15</td>
</tr>
<tr>
<td>Employers</td>
<td>21</td>
<td>10</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td>Small traders and farmers</td>
<td>28</td>
<td>11</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>Vulnerable</td>
<td>26</td>
<td>9</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Concealed</td>
<td>27</td>
<td>10</td>
<td>20</td>
<td>19</td>
</tr>
<tr>
<td>Self-employed with employees</td>
<td>22</td>
<td>10</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Self-employed without employees</td>
<td>26</td>
<td>9</td>
<td>15</td>
<td>17</td>
</tr>
<tr>
<td>Self-employed (total)</td>
<td>25</td>
<td>10</td>
<td>16</td>
<td>17</td>
</tr>
<tr>
<td>Employees, permanent contract</td>
<td>23</td>
<td>10</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Employees, other</td>
<td>25</td>
<td>10</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Employees (total)</td>
<td>24</td>
<td>10</td>
<td>16</td>
<td>17</td>
</tr>
</tbody>
</table>
The EWCS includes a range of subjective indicators of health and well-being. Though self-reported, these are nevertheless sound indicators for measuring people’s state of health and well-being. Health and well-being are obviously closely related to the characteristics of an individual and may also be influenced by the sector in which the self-employed worker is active or by the country in which they live. By controlling for gender, age, educational attainment, economic sector and country in a multivariate regression, it is possible to abstract from these factors in order to show the impact that being a certain type of self-employed person has on the health and well-being indicators.

Table 7 presents the results of this analysis. There are large differences between the different self-employment clusters in terms of health and well-being.

The reference category is the ‘stable own-account workers’ and the effects are compared with those for this group. For example, ‘small traders and farmers’ are 4.7 times more likely than ‘stable own-account workers’ to report negative health effects of the job. Also, the ‘vulnerable’ and the ‘concealed’ generally report more negative health effects of the job than the ‘stable own-account workers’. Similarly, self-reported health is poorer for these three clusters, as well as mental well-being and satisfaction with working conditions.

‘Employers’ are not very different from ‘stable own-account workers’ with regard to these indicators, except for job satisfaction, which they are twice as likely to report as being ‘high’. Negative health effects of the job are most frequently reported by ‘small traders and farmers’. This is consistent with the high number of working hours these self-employed workers perform. Working more than 48 hours per week has been proven to be associated with several health issues (Bannai and Tamakoshi, 2014; Kivimäki et al, 2015). In addition, the imbalance between effort and reward referred to earlier in the chapter (Siegrist, 1996) – frequently encountered in this group – may be one of the causes of the negative health effect reported.

Similarly, levels of self-rated work–life balance are particularly high for ‘small traders and farmers’, who are over 13 times more likely to report a problematic work–life balance than ‘stable own-account workers’ (Table 8). The work–life balance of the ‘concealed’ self-employed is reported to be three times as unfavourable as the work–life balance of a ‘stable own-account worker’. The ‘stable own-account worker’ clearly reports the best work–life balance in comparison with the other clusters – and this may be related to the high levels of working time flexibility they enjoy.

Table 7: Association between clusters of self-employed and health and well-being indicators (odds ratios)

<table>
<thead>
<tr>
<th></th>
<th>Negative health effect of job</th>
<th>Poor self-reported health</th>
<th>Poor mental well-being (WHO-5)</th>
<th>High job satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stable own account workers</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Employers</td>
<td>1.2 ns</td>
<td>0.8 *</td>
<td>0.8 ns</td>
<td>2.0 **</td>
</tr>
<tr>
<td>Small traders and farmers</td>
<td>4.7 ***</td>
<td>3.3 ***</td>
<td>5.3 ***</td>
<td>0.1 ***</td>
</tr>
<tr>
<td>Vulnerable</td>
<td>1.5 **</td>
<td>4.0 ***</td>
<td>5.9 ***</td>
<td>0.1 ***</td>
</tr>
<tr>
<td>Concealed</td>
<td>2.5 ***</td>
<td>2.2 ***</td>
<td>2.6 **</td>
<td>0.1 ***</td>
</tr>
</tbody>
</table>

Notes: Controlled for gender, age, educational attainment, economic sector and country; ns = not significant; *** p ≤ 0.000; ** p ≤ 0.01; * p ≤ 0.05

Table 8: Association between clusters of self-employed and engagement, not being able to work until 60 and work–life balance

<table>
<thead>
<tr>
<th></th>
<th>High engagement</th>
<th>Not able to work until 60</th>
<th>Problematic work–life balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stable own account workers</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Employers</td>
<td>1.0 ns</td>
<td>0.9 ns</td>
<td>1.7 ***</td>
</tr>
<tr>
<td>Small traders and farmers</td>
<td>0.2 ***</td>
<td>4.1 ***</td>
<td>13.4 ***</td>
</tr>
<tr>
<td>Vulnerable</td>
<td>0.5 ***</td>
<td>3.4 ***</td>
<td>1.7 **</td>
</tr>
<tr>
<td>Concealed</td>
<td>0.4 ***</td>
<td>3.6 ***</td>
<td>3.0 ***</td>
</tr>
</tbody>
</table>

Notes: Controlled for gender, age, educational attainment, economic sector and country; ns = not significant; *** p ≤ 0.000; ** p ≤ 0.01; * p ≤ 0.05

11 See Eurofound (2016a) for more details on these indicators.
Engagement, sustainability and work–life balance

Engagement is important for a worker’s well-being and sense of personal fulfilment, as well as for company performance, as demonstrated in the sixth EWCS findings (Eurofound, 2016a). The indicator for engagement used here is based on a series of questions in the EWCS regarding worker motivation and commitment. Perhaps unsurprisingly, the levels of engagement and sustainability (ability to work until 60) are lowest among ‘small traders and farmers’, and ‘vulnerable’ and ‘concealed’ self-employed. For ‘stable own-account workers’ and ‘employers’, these are substantially higher and roughly the same for both. Respectively 85% and 88% of ‘stable own-account workers’ and ‘employers’ state that they will be able to do their current or a similar job until they are 60 years of age (or in five years’ time if the respondent is older than 55). The equivalent figures are 74%, 69% and 73% for ‘small traders and farmers’, ‘vulnerable’ and ‘concealed’, respectively.

Conclusions

A meaningful analysis of the working conditions of the self-employed in Europe can be hindered by the difficulties in capturing the heterogeneity of this group of workers. The traditional twofold division – self-employed with employees and self-employed without employees – is too limited to reveal significant differences. Groupings based on self-classification are in general unreliable. By assuming that it is not clear how the self-employed should be classified, latent class analysis (LCA) results in the identification of more meaningful groups of self-employed workers.

The empirical estimation exercise presented in this chapter has led to the identification of five distinct clusters of self-employed and revealed the heterogeneity in terms of their characteristics. Further analysis has indicated that these differences in characteristics matter not only for the job quality experienced by the different clusters, but also for health and well-being outcomes.

The difficulties in classifying the self-employed and explaining differences in their working conditions need to be acknowledged and kept in mind when devising policies that aim to address these conditions. A generalised approach that does not take into account existing differences is unlikely to achieve the desired effect.
The previous chapters used the results of empirical estimations to develop a typology of self-employment and to analyse differences in job quality and health and well-being outcomes for the five clusters identified. However, the policy debate around self-employment is largely based on definitions derived from legal frameworks and conventions for data collection. Since these differ among Member States, it is expedient to look at the classifications and typologies used and to become aware of the various differences in approach.

Legal classifications may exist for different purposes – for tax legislation, social security law, labour law or commercial law – and can vary accordingly even within a Member State. Statistical classifications are the basis for measuring the size of different groups of workers in the labour force and how they evolve. The blurring of boundaries between employed and self-employed workers – the traditional binary distinction – has led to a debate in a number of Member States. The question is whether a third category capturing a status between dependent employment and self-employment (for instance, ‘economically dependent workers’) should be created, or whether the classification criteria for the two existing categories should be sharpened to avoid any ambiguity of status.

The issues discussed in this chapter are based on a mapping exercise of the situation in the Member States carried out by Eurofound’s Network of European Correspondents.

Legal classifications common in Member States

A range of legal classifications exists in the Member States to distinguish between different forms of self-employment. These distinctions are the basis for establishing rights and obligations, for example with regard to taxes or social protection, in relation to the self-employed as well as their potential employees or dependants and family helpers.

In many Member States, specific legal rules and conditions apply to certain professions that are associated with self-employed status. This adds further legal classifications. The mapping exercise documented in the next section makes a distinction between categories that pertain to the ‘genuine self-employed’ and categories that try to capture forms of self-employment situated between subordinate and independent employment (that is, economically dependent workers).

Classifications used to describe genuine self-employment

Entrepreneurs

Traditional forms of the self-employed include ‘entrepreneurs’, a category for which it is difficult to find a (legal) definition. An entrepreneur is commonly understood to be a person who sets up a business or businesses, taking on financial risks in the hope of profit. An entrepreneur can have employees, and hence be an employer, but that is not always the case.

In most countries, in order to establish a business and be considered an entrepreneur, a self-employed person is obliged to enrol on a business register. However, for earnings under a certain threshold, the self-employed person can be exempt from enrolment.

Additional registration requirements can be added for certain groups. For instance, in Belgium, a special permit is required for market stallholders and door-to-door salespeople. Conversely, in some countries, legal rules exclude certain groups explicitly from entrepreneur status. In the Czech Republic, for instance, authors, renters of business properties and freelancers cannot be labelled ‘entrepreneurs’.

Liberal professions

In most countries, specific rules apply to occupations labelled ‘liberal professions’. Several formal requirements have to be fulfilled in order to perform the occupation, frequently including enrolment in a professional register and/or accreditation with a professional organisation or the authorities. This is often due to historical reasons, rather than being linked to any specific intellectual achievements associated with the profession. Some of these groups, such as lawyers, have their liberal status legally regulated in order to be independent when representing clients.

The definition of what constitutes a liberal profession varies from country to country, ranging from a narrow group of occupations – including notaries, auditors and licenced evaluators/auditors – in, for instance, Bulgaria and Romania, to a wider group that also includes medical doctors, architects and similar professions in Belgium, France, Germany, Hungary, Latvia and Luxembourg.
In Belgium, liberal professions are usually ‘intellectual services’ with the following characteristics:

- the service is mostly an intellectual accomplishment;
- it can only be practised after significant and continuous training;
- personal responsibility is involved;
- the service is provided on an independent basis (of value to the principal as well as to the common good);
- there is accreditation and a code of practice, either fixed by law or by a professional organisation.

**Freelancers**

Freelancers feature prominently in a number of Member States, such as the Czech Republic, Denmark, Estonia, France, Ireland, Norway, Romania, Slovakia, Slovenia, Sweden and the UK. Freelance workers usually have a contract for a specific task or job, for example, for translation work. Many countries report increasing use of freelance workers, especially in the media industry, such as journalists, for example.

In addition to freelancers, in Denmark, Finland and Sweden, there is a specific group of grant recipients who are self-employed and who work for artistic, scientific or translation purposes but receive a grant to do the work, rather than being paid on its completion.

In some countries, there is a special status for artists. For instance, in Belgium and the Czech Republic, where in principle artists are considered employees, they can be affiliated and get ‘artist status’ and so perform for a commission paid by a principal. There is no further definition for this in the legislation.

When income from freelance activity remains under a certain threshold, in the majority of countries freelancers are not obliged to be registered.

**Family helpers**

In most countries, specific attention is given to family helpers: these are family members who assist a self-employed person without having an employment contract. Legislation in Belgium, Denmark, Greece, Portugal, Spain and Sweden, for example, allows these family helpers to be covered by social security.

**Classifications defining ‘economically dependent workers’ and ‘bogus self-employed’**

As stated already, the binary distinction between employed and self-employed workers has become increasingly difficult to implement as the forms of employment and self-employment have become more varied. More and more workers seem to fall into an ‘in-between’ category. They experience conditions that are more like those of employees in some respects, while in others their situation is similar to that of the self-employed. The main concern is workers who are described formally as self-employed but who, in reality, depend mainly on one client. This economic dependence can constitute a situation of subordination that is similar to that of an employed person, while the protection usually associated with being an employee – for instance, in the application of health and safety regulations and social protection – is lacking.

From the mid-1990s onwards, some Member States introduced measures aimed at better protecting workers who find themselves in these types of in-between employment situations. The approaches differ. Some Member States have chosen to define legally a ‘third category’ of workers and the rights and obligations under which workers in this category fall. Among the countries identifying a third status, two options exist: either the creation of a totally new hybrid status of self-employed workers with specific rights, or the recognition of a specific subcategory called ‘economically dependent workers’. One of the elements linked to the recognition of the third status is to develop social protection systems for these economically dependent workers that are similar to those of employees. This was the inspiration that led later to discussions on social protection for all, as currently set out in the European Pillar of Social Rights (European Commission, 2017).

Other Member States have decided to stick with the binary distinction and have taken measures to make the allocation of workers to either one or the other category easier. In some cases, uncertainty is reduced by making the features associated with a third category illegal. The focus is on establishing clear criteria for identifying and eliminating bogus self-employment (see Box 5 below for details of the approaches taken by different countries to distinguish between economically dependent workers and bogus self-employment). Still other Member States have opted to clarify the criteria to be applied when assigning workers to one or the other category so that there is no room for ambiguity.

In summary, four different approaches have been adopted to address in-between situations:

- creating a hybrid status of self-employed workers with specific rights, especially with regard to social protection;
- creating a status of economically dependent worker;
- using the economic dependence criteria to identify and combat bogus self-employment;
- establishing criteria to clearly distinguish employment from self-employment.
These four approaches can be divided into two main types as shown in Table 9, which also indicates the countries exemplifying each category as described in the next section.

**Approach 1: Hybrid status of self-employed workers with specific rights**

Among the Member States that have created a hybrid status are Austria and Italy. In these cases, workers continue to be classified as self-employed workers but are given special status with regard to social protection.

In **Austria**, free service contracts (*freie Dienstnehmer*) were introduced in 1997. For social security purposes, workers on such contracts are treated as employees to whom the General Social Security Act (*Allgemeines Sozialversicherungsgesetz, ASVG*) applies, while as far as taxes are concerned, the fiscal regime applicable is that which applies to the self-employed. This employment form is characterised by the following features: ‘ongoing service (often on a fixed-term basis), not subject to the instruction of the client, free scheduling of working time, in general, provision of working materials by client’.13

The same objective of extending social protection has been at the heart of the 1995 **Italian** regulation of ‘coordinated and ongoing collaboration’ contracts (*contratto di collaborazione coordinata e continuativa*, abbreviated as ‘co.co.co’) covering ‘freelance work coordinated by an employer’.14 Since 1995, a special fund has operated to provide social protection for these workers. In 2000, this was followed by compulsory insurance against work accidents and occupational illnesses. Finally, the certification of this form of employment has been seen as a means of avoiding disputes on the definition of employment status.

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13 From the Austrian national contribution to Eurofound’s report Exploring the fraudulent contracting of work in the European Union (2016b).

14 Cited in the Italian national contribution to Eurofound (2016b) in relation to economically dependent workers: ‘Work is carried out on a continuous and coordinated basis with the contractor. Services are mainly personal in nature’ (Article 409, paragraph 3 of the Italian Civil Procedure Code, and Article 2 of Legislative Decree 81/2015 (Jobs Act – Labour Contracts Code).
Approach 2: Economically dependent worker status

Other countries have opted to define the status of economically dependent workers, thus creating a third category besides employed and self-employed workers. Spain and Slovenia define this specific status in respect of self-employment status, while in Portugal and Slovakia it is defined in respect of the status of employees.

In 2007, Spain directly regulated its so-called ‘dependent autonomous workers’ (trabajadores autónomos económicamente dependientes, TRADEs).\(^\text{15}\)

TRADEs are defined as:

\[
\text{[\ldots] those who, in return for remuneration, carry out an economic activity or a profession, personally, directly and predominantly for an individual or an organisation — known as the client — on whom they are financially dependent, as granting them at least 75\% of their income.}
\]

(Spanish national contribution to Eurofound (2016b))

TRADE status includes a series of workers’ rights and obligations. Workers are entitled to 15 days’ holiday each year and indemnity in the case of interruption to their work without a legitimate reason. Workers are obliged to resolve conflicts in employment tribunals. Moreover, unemployment insurance cover is mandatory, while it is voluntary for other self-employed workers. The TRADE definition aimed to ‘eliminate the regulatory lack, formerly solved case by case by jurisprudence, which gave rise to many court disputes’. Nevertheless, some criticism has been voiced, as the number of registered TRADEs remains low.

Organisations that represent self-employed workers suggest that:

\[
\text{the existing legal regulation does not respond to the needs of this specific collective, despite the fact that this regulation was born to protect the group of false self-employed. In this sense, this ‘lack of success’ is mainly explained by the ‘fear’ and ‘ignorance’ of both the self-employed and companies.}
\]

(Jalon, 2013)

Similarly, in Slovenia, the economically dependent worker has been defined in the Employment Relationship Act 2013 as a person who ‘is self-employed, performs the work in person, along the lines of a civil law contract’; the regulation gives them some guarantee of payment for the contractually agreed work (depending on type, scope and quality).\(^\text{16}\) This category of workers exists mainly in the cultural sector, particularly in the fields of journalism, but also in the sports, transport and cleaning sectors. Cultural workers enjoy a special status as ‘independent cultural workers’, according to the register of the Ministry of Culture. The Decree on Self-employed Persons in the Field of Culture (2004) offers a legal basis for ‘a unique model of legal and financial arrangement where the Ministry of Culture pays social and health insurance contributions for artists and journalists listed on the Register’ (Eurofound, 2009a). However, according to experts, most of these types of workers consider themselves to be economically dependent since they work at the premises of the contractor, without employees’ rights.

In Portugal, employment relationships are built on a ‘presumption of employment’. Consequently, self-employment is defined in reverse, as an exception to the employee status. Several criteria apply to characterise subordinate employment and only if these are not met is the situation considered to be self-employment. The criteria are: if the ‘beneficiary of the activity’ does not ‘own the place of work or the equipment used, and does not fix the working schedule’, and if ‘the worker is not paid a steady, periodic amount and does not perform a leadership function in the organisation’ (Labour Code Articles 11–12 and Code of Individual income tax Articles 2–3, as cited in the Portuguese national contribution to Eurofound (2016b)). The status of economically dependent worker has been defined in respect of the ‘amount of the total value of the worker’s yearly activity one collective entity benefits from’; when this amount is at least 80\%, then the worker is considered economically dependent on the collective entity. One of the reasons for this is to include economically dependent workers in social protection and unemployment benefit regulations. Since 2011, the employer/collective entity is required to pay a contribution to the worker’s social security scheme if benefiting from 80\% or more of the worker’s yearly activity. In 2012, unemployment benefits were extended to cover economically dependent workers, while other self-employed workers have benefited only since 2013.

In Slovakia, economic dependence seems to be understood as an ‘enforced status’ and the economically dependent self-employed contractor is defined as a ‘previous employee forced to be self-employed’. Like other self-employed people, these workers pay social and health insurance themselves. They are required to pay for ‘commercial accident insurance’, while unemployment insurance is voluntary. The assumption seems to be that these workers should at some point in time revert to their original employee status.

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15 The Spanish national contribution to Eurofound (2016b) states that: ‘Self-employed workers who are economically dependent are specifically regulated in Article 11, Chapter III of Title II of Law 20/2007 of 11 July of the Statute of the Self-employed Work and by the Royal Decree 197/2009, of February 23.’

16 Slovenian national contribution to Eurofound (2016b).
Approach 3: Using the economic dependence criteria to identify bogus self-employment

In a rather different approach, the concept of economic dependence is used to identify and combat bogus self-employment. This is the case in Latvia, Germany, Italy and Malta.

In Latvia, the distinction between employees and the self-employed is set down in the law on personal income tax (Section 8, Article 2), while the law on state social insurance (Section 1, Part 3) defines the self-employed as such.\(^\text{17}\) The presence of at least one of the six criteria set out in the income tax regulations determines when a worker should be considered an employee and not as a self-employed worker. This allows for the nature of the employment relationship to be determined, whether subordinate or independent.

Along the same lines, the German Social Code IV and VI (Sozialgesetzbuch IV, VI) defines ‘employment’ and the rights resulting from it, while three types of self-employed workers are mainly described by the tax regulations: ‘traders’ (that is, owners of commercial businesses, Gewerbetreibende), the ‘liberal professions’ and the ‘solo self-employed’.\(^\text{18}\)

Statutory criteria for distinguishing between self-employment and economically dependent work (in this case, equivalent to bogus self-employment) have been stipulated by the Act to Promote Self-employment (Gesetz zur Förderung der Selbständigkeit), while the Federal Labour Court developed its own set of criteria to determine bogus self-employment.\(^\text{19}\) The category of economically dependent worker is used here to assess the worker’s status and to reposition the employment status along the lines of the subordinate/employee versus independent/self-employed dichotomy. Equally, in the jurisprudence, subordination can be used as a criterion to determine employment status, by establishing whether the client defines working conditions (place of work, time of work, content of work), and whether the worker is fully incorporated in the company (‘inclusion in the organisational structure’ and the use of ‘production equipment of the client’).

The Act to Promote Self-employment clearly addresses bogus self-employment. A key feature in the assessment of employment status is the existence of ‘similarities between the work carried out by the self-employed and the employees in the company’; though not sufficient proof, evidence of this can be used to change employment status.

While the terms ‘economically dependent worker’ and ‘bogus self-employment’ do not appear as such in Maltese legislation, the Employment Status National Standard Order (2012) states that ‘a nominally self-employment relationship is actually one of employment if at least five of the [...] criteria are satisfied’ in relation to the person performing the work. For this purpose, the economic dependence is quantified: ‘(a) he depends on one single person for whom the service is provided for at least 75% of his income over a period of one year’.\(^\text{20}\)

This legislation has been devised based on a working definition of bogus self-employment used by the Maltese Department for Industrial and Employment Relations, which includes the notion of economically dependent worker:

The characteristics of such bogus self-employment are that the worker:

- receives a salary,
- is subordinate to, or controlled by, the employer, [follows a schedule organised by the employer, uses tools provided by the employer, is obliged to follow work as set by the employer],
- is integrated into the employing organisation [is subject to discipline],
- is economically dependent on the employer [does not take financial risks to make profit or suffer losses, cannot subcontract the work allotted to him],
- is obliged to accept work given by the employer, who in turn is obliged to provide the employee with work.

For an employee there is an expectation of the regular provision of work until an employee is either made redundant, retires, or leave on his/her own accord.

(cited in the Maltese national contribution to Eurofound (2016b))

\(^{17}\) Latvian national contribution to Eurofound (2016b).

\(^{18}\) According to the German national contribution to Eurofound (2016b), several acts apply to the self-employed in Germany: (1) traders: Trade Act (Gewerbeordnung), Trade Tax Act (Gewerbesteuergesetz) and Crafts Code (Handwerksordnung); (2) liberal professions: Partnership Act (Partnerschaftsgesellschaftsgesetz) and Income Tax Act (Einkommenssteuergesetz); and (3) solo self-employed: all the acts mentioned apply to this category too, depending on the status of ‘trader’ or ‘liberal professional’.

\(^{19}\) German national contribution to Eurofound (2016b).

\(^{20}\) Maltese national contribution to Eurofound (2016b).
Similarly, in Italy, new legislation enacted in 2012 (Act 92/2012, amending Act 276/2003) formulated the criteria to assess the legality of self-employment. The self-employment contract (contratto a partita IVA) is deemed unlawful when two of the following three conditions are met:

1. the relationship with the same client/principal lasted in total more than eight months within a period of two consecutive years;
2. the compensation paid to the worker represented more than 80% of the income earned by the worker within a period of two consecutive solar years;
3. the worker had a fixed workspace/station within one of the client/principal’s business units.

(cited in the Italian national contribution to Eurofound (2016b))

For the first time, the legislation provided some indicators to tackle the issue of bogus self-employment and economically dependent workers in Italy.

When it comes to qualifying the employment relationship, the four countries display similar criteria when considering the main features of employment: control and subordination, financial risks, ownership and inclusion in a company.

Approach 4: Using criteria to clearly distinguish employment from self-employment

In other Member States, no statutory definition of self-employment exists. However, some have guidelines and working definitions that help to distinguish between subordinated workers and the self-employed. Also here, the issue of subordination versus the decision-making power of the employer or the self-employed play a key role.

In Belgium, the dichotomy of dependence versus autonomy remains the main statutory distinction. The Act on Employment Relations (27 December 2006) provides a number of general criteria for assessing the nature of the employment relationship and characterising the employment status:

- the intention of the parties as expressed in the agreement,
- freedom to organise the working time,
- freedom to organise the work,
- the possibility of exercising supervision.

(cited in the Belgian national contribution to Eurofound (2016b))

The situation is quite similar in Poland. Polish laws do not include a definition of self-employment. Under the Act on Freedom of Economic Activity 2004, ‘economic activity’ includes ‘profit-making activity related to manufacturing, construction, trading, provision of services and prospecting, identifying and mining of minerals in deposits, as well as professional activity conducted in an organised and continuous manner’. An economic activity is formally undertaken by obtaining an entry in the Economic Activities Register.

Conversely, the Personal Income Tax Act (1999 with amendments) specifies the three conditions under which an activity does not constitute an economic activity. The Labour Code provides corresponding criteria to assess work performance that may lead to the conclusion that the work is subject to a standard job contract instead of subcontracting:

According to the [Personal Income Tax Act], activities which meet jointly the three conditions mentioned below do not constitute an economic activity:

1. Third-party responsibility for the effects of the said activities and their performance is borne by the one who commissions them.
2. The activities are performed under the management and on the site and during the time set by the one who commissions them.
3. The person performing the activities does not bear the economic risk related to the conducted activity.

(cited in the Polish national contribution to Eurofound (2016b))

In Ireland, the terms ‘employed’ and ‘self-employed’ are not legally defined. However, some guidelines have been produced by Ireland’s Revenue Commissioners and the Irish courts to determine whether a person is deemed self-employed or an employee. These guidelines are contained in a ‘Code of practice in determining employment status’ (Revenue Commissioners, 2010), which stems from a former social partner national agreement. In 2007, the Hidden Economy Monitoring Group was established under the national agreement system to address the growing concern that increasing numbers of individuals were classified as self-employed who should be classified as employees. Establishing criteria encompassing features to do with working conditions and the reality of the relationship helps to decide the nature of the employment status.

According to the code of practice, an individual would be classified as self-employed ‘if the person performing the work does so as a person set up in business on their own account’. Self-employed persons are sometimes referred to as ‘sole traders’ or ‘freelance workers’; they remain primarily identified through taxation.

Similarly, the Norwegian statutory employment definition in the Working Environment Act (2005) distinguishes only between employees and the self-employed. For tax purposes, the Norwegian Tax Administration (Skatteetaten) gives some specifications, providing guidelines in order to clarify under which circumstances self-employment can be used and when an employment contract is called for: this includes considerations such as whether the work is conducted
under supervision, whether the employee uses their own tools or whether tools are provided by the contractor/employer.

Beyond the distinction of employment/self-employment, the Norwegian tax authorities operate with the category of ‘non-employed employee’, also called ‘freelancers’. According to tax authority guidelines, the following features apply to the non-employed employees:

- they normally work on a fee basis (i.e. they do a specified job for a specified fee), and might have several employers; as the self-employed, they work at their own behalf/expense and own risk, and are paid when the assignment is completed. But while self-employed run their own company, ‘non-employed employees’ do not.\(^{21}\)

Examples include freelance journalists, musicians and photographers. These are not necessarily considered to be economically dependent workers. In many cases, this type of employee is considered as having ‘a choice’ between working as a non-employed employee and registering as self-employed. People with long-term freelance contracts with a single employer may be regarded as economically dependent employees, whereas non-employed employees will often have several employers.

Box 6 describes the approaches adopted by different countries to identifying bogus self-employment, while Box 7 examines the differences between crowd employment and economically dependent self-employment.

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**Box 6: Identifying bogus self-employment in specific sectors**

In Belgium, bogus self-employment is not defined as such. However, while the parties are free to choose ‘the nature of their employment relationship (independent cooperation or relations under an employment agreement)’, this should be reassessed ‘if the actual performance is not compatible with the chosen basis, [and] priority should be given to the actual nature of the employment relationship to determine economically dependent work/bogus employment’.\(^{22}\) However, to enable more efficient verification of the nature of employment relationships, the legislation has been strengthened for a series of sectors in 2012. The Act of 25 August 2012 on the nature of working relationships introduced a refutable presumption concerning certain employment relationships in four sectors: construction, transport, guarding and cleaning. The presumption is based on nine criteria: if more than half of the criteria are met, the employment relationship is presumed to be based on an employee contract; if fewer than half of the criteria are met, the relationship is considered to be based on an independent service agreement as self-employment. The nine criteria are:

- not presenting oneself as a contractor towards other persons or working principally or usually for only one co-contractor;
- the absence of financial or economic risk;
- the absence of responsibility and decision-making authority concerning the financial resources of the enterprise;
- the absence of decision-making authority concerning the purchasing policy of the enterprise;
- the absence of decision-making authority concerning the price policy of the enterprise, except when the prices are legally determined;
- the absence of a commitment to achieve a certain result in relation to the agreed work;
- the guaranteed payment of fixed remuneration, regardless of the results of the enterprise or the extent of the performance;
- not being an employer of personally and freely recruited personnel, or lacking the possibility of recruiting personnel or of being replaced for the performance of the agreed work;
- working at premises of which one is not the owner or renter or working with material which is placed at one’s disposal, financed or warranted by the co-contractor.

(cited in the Belgian national contribution to Eurofound (2016b))

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\(^{21}\) Norwegian contribution to Eurofound’s study on Self-employed workers: Industrial relations and working conditions (Eurofound, 2009b).

\(^{22}\) From the Belgian national contribution to the present report: ‘Following the case law of the Court of Cassation, the Act on Employment Relations (27 December 2006) determines that the parties can freely choose the nature of their employment relationship’.
The main features of independence – decision-making powers, control over the organisation of one’s work and financial risk-bearing – are among the criteria assessed. It is worth noting that there is also a reference to the ‘choice’ of the party: ‘not presenting oneself as a contractor towards other persons’.

In Ireland, there is room for fraudulent contracting as no specific regulation clarifies the distinction between employment and self-employment. There is also no legal definition of bogus self-employment. Nevertheless, a number of tests are used in courts and tribunals to assess whether someone is an employee or is self-employed. The primary test is ‘mutuality of obligation’, whereby the employer must provide work and the employee must accept work offered.

The Department of Social Protection – Budget & Finance considers that the use of intermediary-type structures and self-employment arrangements are becoming ‘increasingly common across a number of sectors’. Revenue investigations, including the National Contractors project, suggest that intermediary-type structures are most common in the pharmaceutical, information technology (IT) and airline industries, although they are also a feature in other sectors such as media, entertainment and construction.

Recent studies stressed the problematic situation developing in the construction sector. The misclassification of thousands of workers in the construction industry as self-employed when, in reality, they are employees, has been denounced by the Irish Congress of Trade Unions (ICTU): ‘The practice involves workers being incorrectly designated as “self-employed” in order to save money for major contractors, in terms of tax and social insurance.’ (ICTU, 2015). Experts consider that bogus self-employment in construction ‘is facilitated by a tax system that virtually encourages employers to break regulations defining what is a labour only contract’ as the system used does not have a strong ‘check’ mechanism (Wickham and Bobek, 2016, p. 76).

The Competition (Amendment) Act (2017) enacted on 7 June seeks to exempt certain self-employed workers from the collective bargaining ban imposed on self-employed persons in the Competition Act 2002. The Bill sought to gain recognition for the right to unionise freelance workers, to allow them not to be treated as ‘businesses’ in terms of competition law, while any setting of tariffs that runs contrary to the consumer’s interest will remain illegal. This Bill is intended to apply to specific categories of self-employed workers: actors engaged as voice-over artists, musicians engaged as session musicians and journalists engaged as freelance journalists.

### Box 7: Crowd employment and economically dependent self-employment

In the fast-moving world of work, new forms of work are emerging at the boundary between self-employment and dependent employment, causing legal controversies (Eurofound, 2015b). There are several issues that have arisen with these forms of work, which are organised or facilitated through technologies, digitalisation and the internet. Usually workers in these forms of work have many different clients, facilitated through an online platform. They are often doing very small tasks which can affect their ability to determine their price.

Among the new forms of work is ‘crowd employment’, which can be classified either as self-employment or economically dependent work. Legal initiatives have been taken to clarify how work is organised and contracted, and what types of status and rights apply. In a number of countries, recent court claims have been challenging the ‘entrepreneurial status’ of crowd workers. A number of seminal cases reported by the media around the globe stressed the juridical uncertainty of these workers’ status. While platforms of crowd workers have developed simultaneously in a number of labour markets, the most iconic being based in the state of California, USA, the status definition and rights connected with it have been (and still are) discussed in court cases almost all around the world (De Stefano, 2016).

The ‘Uberisation’ of the economy, a term referring to the development of a variety of internet platforms, is aimed at easing the match between suppliers of goods and service and clients; their organisation questions both the business models and the delimitations of employment statuses and rights (OECD, 2016, p. 15).

Differences among the types of platform have been highlighted depending on the nature (virtual or physical) of services delivery and also on the level of skills (high or low) required to perform the services (Codagnone et al, 2016).
2016). Nevertheless, the employment relationships in crowd working – ‘a type of work performed remotely on on-line platforms’ – display some common features (Berg, 2016). As described in an ILO report, work on platforms is of a ‘casual and unstable’ nature, as with other non-standard forms of work (ILO, 2016). The flexibility that platforms and crowd work could offer, for both the client and the supplier, should be weighed against the often low income they generate on average per individual. Not only is the pay usually low, but the overall amount potentially gained for the work delivered also remains low: ‘Workers perform the tasks as independent contractors and are paid for tasks that they complete, so long as their work is accepted by the requester’ (Berg, 2016). With the exception of highly specialised work needing specific expertise, platform jobs tend to reverse back to Taylorism, breaking down the tasks into small units, offering work opportunities but low pay. Therefore, to make work pay, suppliers are led to spend time (that is unpaid) looking for jobs and to multi-jobbing – hence increasing strenuous working conditions (OECD, 2016). The ILO survey of crowd workers confirms this and the potential impact this situation can have on their ability to determine their price (Berg, 2016).

Furthermore, as independent contractors, self-employed workers on platforms do not benefit from most of the social protection linked to employed status, and bear financial and economic consequences and responsibility in the case of non-completion of the work or work deemed to be of an unacceptable quality. The status of the workers/suppliers on crowd working platforms has raised several questions leading to different solutions and regulations at national level, hence the importance of following the development of crowd workers and their rights in EU Member States.

### Statistical classifications

#### ILO classification of status in employment

This section is based on Eurofound’s background paper on the working conditions of self-employed workers (Eurofound, 2013a).

Next to legal classifications, self-employment is measured as part of employment statistics by statistical offices. The norms to measure the different forms of employment are codified in the International Classification by Status of Employment (ICSE-93). This was adopted by the 15th International Conference of Labour Statisticians in 1993 (ILO, 1993). According to this classification, jobs are classified ‘with respect to the type of explicit or implicit contract of employment of the person with other persons or organizations’. The basic criteria to define the different groups are:

- the type of economic risk to which the job holder is exposed;
- the type of authority over establishments and other workers that the job incumbents have or will have.

In practice, the groups are defined by making the distinction between ‘paid employment (jobs)’ and ‘self-employment (jobs)’.

The ILO defines paid employment jobs as:

> jobs where the incumbents hold explicit (written or oral) employment contracts which give them a basic remuneration which is not directly dependent upon the revenue of the unit for which they work.

In addition, a characteristic of a paid employment job is that at least some tools, equipment, premises and so on may be owned by others and the worker may work under the direction or according to the strict guidelines set by the employer.

In contrast, in self-employed jobs:

> remuneration is directly dependent upon the profits (or the potential profits) derived from the goods and services produced [and] the incumbents make the operational decisions affecting the enterprise, or delegate such decisions while retaining responsibility for the welfare of the enterprise.

Within this dichotomy, six different groups of workers are distinguished. Paid employment jobs cover employees, while self-employment jobs include employers, own-account workers, members of producers’ cooperatives and contributing family members. In addition, there is a residual category of ‘workers not classifiable by status’. Within the categories of employees and the self-employed, several further subgroups are defined.

Furthermore, the ILO considers that there are three groups of employed persons for which it is particularly difficult to decide whether they should be classified as being in paid employment jobs or as self-employed. These three groups are: owner-managers of incorporated enterprises, contractors, and outworkers. For the first two, the classification may in practice vary depending on national practices. For the third, the type of remuneration (based on the amount of work in contrast to the profit from the work) and the type of contract – those who supply their own labour are considered to be employees and those who supply goods or services are considered to be self-employed – are used as the basis of distinction.

The ILO has raised awareness of the growing ambiguities in the definition of employment status for a number of years (ILO, 2006). At the 19th International Conference of Labour Statisticians (ICLS) in 2013, the ILO presented its proposal for a revision of ICSE-93 (ILO, 45
Classifications in national labour force surveys

Labour force surveys carried out at national level show how international classifications are adapted to the national context. Eurofound (2013b) examined the diversity of the measurement of employment status on the basis of national labour force surveys in an analysis that covered 25 EU countries and 5 non-EU countries in Europe.

Eurostat collects information from national labour force surveys in an output-harmonised way: the main variables to be delivered are determined, but countries have the possibility of choosing how to compute these variables. Also, countries can include further themes and variables in the questionnaire that are relevant to the national context.

The status of employment is covered by the variable STAPRO, which consists of the following four categories (see Box 8):

- self-employed with employees;
- self-employed without employees;
- employee;
- family worker.

When publishing the data on STAPRO, Eurostat divides the employed into two categories: employees and self-employed. The latter is further divided in two subgroups – self-employed with and without employees (including family workers).

Of the 30 national questionnaires examined by Eurofound (2013b), 14 enquired about the status of employment in a simple way, with the same or very similar categories as those used by Eurostat.

In the 16 other countries, the question regarding employment status was presented in a more complicated way with additional categories to choose from. For example, the Italian questionnaire enquired:

Do you work: 1) as an employee, 2) as an employee with an employer-co-ordinated freelancer work contract, 3) as an employee with an occasional work contract, 4) as self-employed: 4a) employer, 4b) as a professional, 4c) as an own-account worker, 4d) as a family worker, 4e) as a member of producers’ co-operative.

This gives a further indication of the substantial differences that exist across countries with regard to the categorisation of employees and the self-employed.

Conclusions

There is a wide variety of legal and statistical classifications of self-employment in use in the EU Member States, as well as at international and European level. Both the ILO and Eurostat are currently discussing a revision of the classification of employment status.

One of the main issues is how to identify and classify situations that lie in between the status of employee and self-employed. Some Member States have created a third category of employment status to improve clarity of status and to regulate the in-between situations. Whether this is the right response or it will lead to more opportunity for abuse of employment status is the object of dispute.

Other Member States are focusing their efforts on reducing ambiguity through improving the clarity of criteria for allocating workers to either of the binary categories.

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Box 8: Employment status in the EU-LFS

The EU-LFS defines the following categories:

- Employers employing one or more employees (self-employed with employee): persons who work in their own business, professional practice or farm for the purpose of earning a profit and who employ at least one other person.
- Self-employed not employing any employees (self-employed without employees): persons who work in their business, professional practices or farm for the purpose of earning a profit and who employ no other persons.
- Employees: persons who work for a public or private employer and who receive compensation in the form of wages, salaries, fees, gratuities, payment by result or in kind (non-conscripted members of the armed forces are also included).
- Family workers: persons who help another member of the family to run a farm or business, provided they are not classed as employees.
In an employment relationship, the responsibility for ensuring an adequate level of working conditions for the employee lies primarily with the employer. In contrast, the self-employed are responsible for their own working conditions. Regulations such as those relating to occupational health and well-being – including regulations related to working time duration and organisation – apply only to employees.

Grimshaw et al (2016) examined a number of ‘protective gaps’ found in precarious forms of work in six countries. While certainly not all forms of self-employment are precarious, an examination of the gaps helps to evaluate some of the concerns around self-employment and the particular situation of potentially precarious forms of work, such as that of economically dependent workers. The four protection gaps identified are:

1. employment protection gaps;
2. social protection and integration gaps;
3. representation gaps;
4. enforcement gaps.

Most Member States have taken action with regard to some of these gaps.

This chapter looks at measures aimed at the extension of social protection rights (the second gap) and in relation to the collective representation of self-employed workers (the third gap), with examples of services designed to address the specific needs of self-employed workers. While there might be different reasons to combine forces or not (because of the potential competition between workers or distortion of the market), representative bodies are potentially able to assist self-employed people with a whole series of issues.

With regard to enforcement gaps, mechanisms, awareness and power are crucial: the development of social protection rights as well as collective representation could address some of these issues.

Social protection and self-employed workers

One of the main differences between self-employed and employees is the difference in access to social protection. Self-employed workers experience gaps in terms of entitlement to social protection and certain rights (overall inclusion and/or thresholds), contribution gaps (and calculation of contributions) and integration gaps – whereby certain other entitlements, such as housing or credit, might be linked to one’s employment status.

In all countries, the revision of social protection rights for the self-employed is currently being discussed, sometimes linked with initiatives to bring provisions for non-standard workers closer to those of permanent employees. In some countries, distinctions are made between groups of self-employed workers in terms of the risks covered. At European level, the issue of social protection of self-employed workers is discussed in the context of the European Pillar of Social Rights (European Commission, 2017).

Within the EU, social protection systems have been built up according to two main philosophies. The first approach aims at maintaining workers’ income in case of social risks, whereby the link with employment is the starting point. The second approach is geared towards ensuring an adequate, uniform income for all citizens in the case of certain risks. This replacement income can be universal and rather generous in some cases or more limited and/or means tested (that is, only under a certain threshold) in others.

All social protection systems in the EU are to some extent hybrids, but underlying differences in the basic philosophy are still visible and are influencing certain elements of social protection with regard to healthcare or pensions, for example. As social protection systems have evolved over time, most of them now include elements that are universal and others that are linked to employment.

25 A report prepared by the European Social Policy Network (ESPN) for the European Commission gives an overview of social protection for non-permanent and self-employed workers in more detail for each Member State (Spasova et al, 2017).

26 These are the social insurance model (Bismarckian) versus a more universal welfare regime (Beveridgean). More refined categorisations have been defined by many scholars, such as Esping-Andersen (1990).
Social protection systems generally cover the following elements (MISSOC)27:
- healthcare (costs);
- sickness (benefits paid during sick leave);
- maternity (costs and benefits);
- invalidity (benefits);
- old age (benefits);
- survivors (benefits);
- employment injuries/accidents at work and occupational diseases (costs);
- family (benefits);
- unemployment (benefits);
- guaranteed minimum resources (benefits);
- long-term care (costs).

The discussion in this chapter focuses on the main elements of social protection systems for which there are differences between the self-employed and employees. Guaranteed minimum income, survivors’ benefits and long-term care are not therefore included systematically. Also, with regard to family benefits, the focus is very much on child benefits and maternity leave and not on paternity, parental or family leave.

Coverage in the social protection systems of Member States

When comparing social risks and social protection coverage for the self-employed and employees across countries, four groups emerge:
- very similar coverage;
- similar coverage but lower benefits;
- voluntary possibility of opting in (or opting out in certain cases);
- exclusion of certain coverage for certain risks.

Countries have followed different paths in developing coverage with regard to different social risks.

Inclusive systems

The most generous and inclusive systems can be found in the Nordic countries such as Denmark, Finland and Sweden, where the self-employed have, in general, had the same social protection as employees, since most of it is based on universal schemes. There are, however, some elements that vary in terms of depth of coverage or the amount of benefits received.

In Sweden, next to payroll taxes, contributions are paid for health insurance and sick leave, pension and survivor pensions, parental leave, occupational injuries and labour market fees. Sick pay and parental allowance are calculated on annual income. The self-employed can apply for unemployment insurance, which can offer the self-employed support to start their business, in addition to unemployment benefit. The Public Employment Service makes the eligibility decision, as well as deciding on the level of support.

In Finland, formally the system is the same as for employees, but self-employed workers can determine the composition and level of their social security contributions.

In Denmark, the system is the same for self-employed and employees, but certain elements are voluntary, such as an occupational pension on top of a state pension, insurance against accidents at work, and unemployment insurance. Entitlements for sick leave are slightly different than those for employees.

Specific social security systems for the self-employed

In a number of countries, there is a specific social security system for self-employed workers. This is the case for Austria, Belgium, France, Germany, Greece, Italy, Luxembourg, the Netherlands, Spain and Portugal.

In Austria, special schemes are available for different groups of the self-employed. However, since 2005, the pension systems have been harmonised (except for those of farmers, who continue to have a special fund). Healthcare and maternity benefits, long-term care, invalidity, pensions and family benefits are similar to those of employees. There are limitations on sick leave, but it is possible to take out voluntary additional insurance. A voluntary unemployment insurance system was introduced for the self-employed. Economically dependent workers have in certain situations access to the social protection system of employees.

In Belgium, the self-employed have a specific social security system, but they are covered for all risks (including sickness benefit), often for a shorter period than employees or through only a flat rate. The exception is unemployment insurance and accidents at work, for which they are not covered.

In France, there are specific systems for different groups of self-employed workers. Healthcare, pensions and family benefits are part of the social security scheme for all workers, but the calculation of benefits is slightly more complicated. Sickness benefit and invalidity benefits can be obtained after one year of insurance, but with certain limitations in terms of the period of sick leave covered. Maternity leave is usually paid at a flat

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27 MISSOC is the EU’s Mutual Information System on Social Protection, which provides detailed, comparable and regularly updated information about national social protection systems in English, French and German. When considering the social investment strategy, other elements could be included in a wider definition of social protection. In this report, a relatively strict definition is used, taken from ILO Convention 102, which is used in many other references, such as MISSOC reports. Furthermore, national systems regarding social protection schemes are changing, in terms of coverage of the different aspects or branches of social protection. While this report uses the latest information from MISSOC, complemented by information from Eurofound’s Network of European Correspondents, it might not contain the most recent updates for each of the risks covered by each of the countries.
rate. The self-employed can be covered voluntarily against accidents at work. There are no unemployment benefits for the self-employed in France.

In Germany, there are differences between groups of self-employed workers. Certain social protection elements are universal for all workers, such as healthcare and long-term care costs, as well as family benefits. However, the self-employed are allowed to opt out of healthcare and get private insurance. For other elements such as sickness benefits, invalidity and accidents at work, insurance is compulsory. For certain groups of the self-employed – for example, farmers – there are no sickness benefits. Pension insurance is compulsory for most self-employed people except for those, such as the liberal professions, who have an occupational pension scheme. Unemployment insurance is voluntary and self-employed workers can receive unemployment benefits after 12 months of voluntary contributions, although farmers are excluded.

In Greece, the self-employed, like other workers, have been covered through occupational social protection systems (occupational funds) since 2006. The difference is that social protection funds are set up by occupation rather than by employment status. This includes access to healthcare and family benefits. In general, however, these funds do not cover the self-employed for temporary incapacity to work, so, for instance, there are no sickness benefits and maternity benefits are usually a flat rate. Invalidity and pension entitlements are conditional upon a long record of contributions. However, accidents at work are covered. Unemployment benefits only exist for certain groups of the self-employed, such as the liberal professions (under certain conditions).

In Italy, the self-employed are covered through specific social security systems. They receive healthcare and maternity care/leave, as well as benefits for accidents at work, provided they fulfil special qualifying conditions. For disability, pension, survivors and family benefits, a special system is comparable to the general system. There is no sick leave or unemployment benefit for the self-employed. For the liberal professions, there are private non-specific schemes. Economically dependent workers contribute to a special pension fund, get access to sick leave and have insurance against accidents at work, as well as parental leave.

In Luxembourg, the system for self-employed workers is very similar to that of employees, except for a number of elements for which they receive special treatment that takes into account their circumstances. Social protection covers all risks, including unemployment if they register as job-seekers. There is a specific system for accidents at work for farmers. For sickness benefits, waiting periods exist for the self-employed, requiring them to accumulate contributions for a certain period of time before being able to draw upon the right.

In the Netherlands, the general social protection system applies to the self-employed, but social protection for labour-related risks generally does not. In practice, this means that health insurance, long-term care, family benefits, old-age pension and survivors’ benefits are universal. However, there are no sickness benefits (sick pay) for the self-employed during the first two years of sickness absence. They can opt into public or private insurance. There is no insurance against accidents at work and unemployment benefits for the self-employed, but there is a minimal maternity benefit related to previous income.

In Spain, there is a specific system for groups of self-employed workers. The self-employed are compulsorily covered for healthcare and maternity care, family benefits, invalidity and pensions. Insurance against accidents at work is only compulsory for certain groups of the self-employed and voluntary for others. Sickness benefits, maternity leave and unemployment insurance are voluntary.

In Portugal, the self-employed are usually covered by the general social protection scheme. However, if their income is under a certain threshold, their contributions are voluntary. There are specific schemes for the liberal professions. The social protection scheme covers sickness benefits, maternity, accidents at work and occupational diseases, invalidity, old-age pensions and unemployment. However, there are certain limitations, for instance on the amount of sickness benefit and unemployment benefit. Family benefits are universal.

Universal elements but no specific system for the self-employed

In a series of countries, including Croatia, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia, there are some universal elements in the social protection system for both the self-employed and employees, such as healthcare and pensions, but some other schemes are either non-existent or voluntary for self-employed workers.

In Croatia, there is no specific scheme for self-employed workers. They are covered by the general healthcare system, maternity leave (a flat rate) and pensions. Sickness benefit, which is quite limited in time for all workers in Croatia, is available from the 43rd day of

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**28** This is related to the fact that employers are directly responsible for the sickness benefits of their employees during the first two years, albeit combined with reintegration measures and responsibilities for both employers and employees.
reported sickness onwards. Family benefits are means tested. Self-employed workers are excluded from unemployment benefits.

In **Cyprus**, self-employed workers are part of the general social security system. For the determination of their contributions, compulsory minimum insurable incomes are established by occupation, but the self-employed can opt to pay higher contributions, up to a certain maximum. Healthcare and maternity, pensions and family benefits are universal in Cyprus. There is a waiting period of nine days to receive sickness benefits for self-employed workers, but this does not apply in the case of hospitalisation. There are no unemployment benefits, nor insurance against accidents at work.

In the **Czech Republic**, healthcare, pensions, invalidity and family benefit rules are the same for employees and the self-employed, while coverage for sick leave, maternity leave and unemployment insurance are on a voluntary basis for the self-employed. There is no insurance for accidents at work for self-employed workers.

In **Estonia**, the self-employed are covered in most schemes, such as family benefits, healthcare, sickness benefits, maternity benefits, invalidity benefits and pensions. Pension, sickness and maternity benefits are calculated on the basis of the taxes paid (as a reference for earnings). Unemployment insurance is voluntary, but a flat rate of unemployment assistance is available to all.

In **Hungary**, the self-employed are covered for all branches as employees. Family benefits are universal for all citizens. Contributions are calculated on self-declaration of income, at least covering the minimum wage.

In **Latvia** and **Lithuania**, the self-employed are compulsorily insured like employees, if they have paid contributions and if their income exceeds a certain threshold. They are, however, excluded from unemployment benefits and, in the case of Latvia, insurance against accidents at work. In Lithuania, they are not compulsorily covered for sickness benefits and accidents at work.

In **Malta**, both employees and the self-employed are covered under the same social protection scheme. There is a universal healthcare system. Other benefits are available to the self-employed, either as for employees (such as for pensions and invalidity insurance), or upon certain conditions being met, such as a waiting period for sick leave and insurance against accidents at work. Usually the amount of benefits is less generous than for employees. They are not entitled to unemployment benefit. Family benefits are available to both the self-employed and employees, but the amount is means tested.

In **Poland**, healthcare and family benefits are universal. The self-employed are covered in the general social protection scheme with regard to pensions, accidents at work and unemployment. They can voluntarily insure themselves to be covered for sick leave and maternity leave.

In **Romania**, the self-employed are included in the general social protection system. They are compulsorily covered for healthcare, sickness benefit, maternity, invalidity, old age and survivor benefits. Insurance against accidents at work and occupational diseases and unemployment are voluntary for the self-employed. Family benefits are universal.

Contributions are mandatory for the self-employed in **Slovakia**, but the rules are quite complicated. These contributions are paid for the provision of health insurance, old-age insurance and disability insurance.

Contributions are compulsory for the self-employed in **Slovenia** for pensions, health insurance and sick leave, unemployment and parental leave. The self-employed must continue to pay contributions even during sick leave, when they have no income.

**Limited universal social security rights**

In **Bulgaria**, the self-employed are only covered compulsorily for old age and invalidity. For other schemes, such as those for healthcare and maternity leave, affiliation is based on voluntary social security contributions.

In Ireland and the UK, there are very limited universal social security rights for the self-employed, mostly complemented by means-tested benefits. If workers wish to have a more generous insurance, they need to take out their own private insurance, which is voluntary and not linked to the state social protection system. There is no difference in terms of benefits between the self-employed and employees, provided contributions have been made to cover certain risks.

In **Ireland**, healthcare is a general system whereby the level of cover is determined by income. There are very low state pension, survivor and maternity benefits for both the self-employed and employees. Means-tested long-term care, invalidity and unemployment benefits (job-seekers’ allowance) are available (albeit at a rather low level). There are no sickness benefits for self-employed workers.

In the **UK**, the state-organised systems for social security are very similar to the Irish system and no difference is made between employees and the self-employed. Under a certain threshold, workers are exempt from paying contributions. Healthcare is available for all residents. The self-employed can voluntarily opt in to pay for sickness and invalidity benefits. There is a low state pension for all. The self-employed have no scheme for accidents at work, long-term care or maternity benefits, but means-tested
assistance can be granted. There are no unemployment benefits, but a means-tested job-seekers’ allowance can be requested.

Common challenges and specific solutions in Member States

Access to the social protection system

A first dimension is related to access to the social protection system and issues related to the payment of contributions. The self-employed have to take care of their own enrolment into a social protection/tax system and pay their own contributions. For employees, contributions usually consist of a part paid by the employer and a part paid by the employee, but the self-employed are fully responsible for their own contribution.

In a limited number of countries, some self-employed workers, usually those with flourishing businesses – but in principle available to all self-employed people – prefer to take out their own private insurance rather than be enrolled in the public scheme. This is, for instance, the case in Germany.

For some groups of self-employed workers, particularly in case of limited or irregular income, it might be difficult to pay the contributions. Furthermore, it might not be easy to calculate the amount of contributions to be paid, because it is difficult to establish a correct base due to fluctuations in income. There is a strong need for a simplification of procedures, as well as particular measures for certain groups, such as starters.

In a number of countries, self-employed workers earning under a certain threshold are exempt from paying social security contributions. This is the case, for instance, in Slovakia, where artists who earn under a certain threshold are not required to pay social security contributions.

Another issue is how to ensure the correct base is applied to establish both contributions and benefits in the case of self-declaration of income. In Cyprus, an amendment was introduced in 2006 to establish the level of contributions to be paid depending on the occupation and years worked, based on a table that sets minimum earnings as a way to avoid false declaration with regard to social security contributions due.

In some countries, several issues to simplify the situation are currently being discussed in policy debates. In Spain, for instance, one topic for discussion is how to calculate the contribution of workers who work only a limited number of days, for which one proposal is for the self-employed to pay contributions according to the time worked, rather than for a whole month. Another possible change being discussed is to allow the self-employed to change the periodicity of the payment of their contributions, for instance quarterly instead of monthly. Another proposal is to reduce the penalties for delayed payment of contributions.

Extent of coverage

While the self-employed have access to social security, the extent of the coverage varies between countries and is different from that of employees in most cases. Measures are currently being taken to bring the entitlements of the self-employed very close to those of employees. Nevertheless, some striking differences can be noted across countries.

A first point is health insurance. The vast majority of self-employed workers in all countries have at least some health insurance cover. In most systems, there is a general health system for all citizens or similar health insurance systems for employees and the self-employed, allowing access to healthcare for self-employed workers, even if not all healthcare expenses might be covered for the self-employed (unlike permanent employees). For some of those, a private additional health insurance or opting into an occupational health insurance scheme is usually needed to cover these healthcare expenses. For instance, nearly half of the self-employed in Finland have taken this extra insurance. In welfare systems where access to healthcare is via a special social security regime, it is usually very similar to that of employees. In some countries, such as Germany and Italy, the self-employed (usually in certain occupations or earning over a certain threshold) can opt to pay into a separate private health insurance.

A different issue is having the right to paid sick leave (sickness benefit). It does not exist in all systems, and if it exists, it is often a voluntary opt-in, whereby the self-employed worker pays to be covered. One of the issues is the calculation of the benefit during this sick leave, which is either a flat rate for workers combining multiple jobs (‘slashers’) or calculated on average earnings from previous periods, instead of a proportion of replacement income. The self-employed can decide themselves on the waiting periods before receiving sick pay after falling ill, based on the level of contributions they pay. In Sweden, while the self-employed in principle pay contributions for sickness benefits, the system is designed for permanent employees. The rules are complicated and there is limited financial protection for the self-employed, temporary workers and slashers.

Paid sick leave exists in Austria (only mandatory for those registered with a chamber of commerce), Belgium, Croatia (with longer waiting periods), Cyprus, Denmark, Estonia, Finland, France (with certain limitations for the self-employed), Hungary, Latvia, Luxembourg, Malta, Norway, Portugal, Romania (optional for those with low earnings), Slovenia (with longer waiting periods), Slovakia, Spain and Sweden. Often this sick leave is only partial, with lower benefits in comparison with employees.
The self-employed can voluntarily opt in for paid sick leave in Bulgaria, the Czech Republic, Germany, Lithuania and Poland. In Italy, some groups are mandatorily insured, and others are excluded. There is no paid sick leave for the self-employed in Greece, Ireland, the Netherlands and the UK.

Insurance against accidents and work and occupational diseases is included in the overall social security system for self-employed in Austria, Croatia, the Czech Republic, Estonia, Finland, Greece, Hungary, Italy (under certain conditions), Luxembourg (special system for farmers), Malta (under certain conditions), Poland, Portugal, Slovakia and Sweden.

In other countries, the self-employed can opt for voluntary insurance in Denmark, Estonia, France, Germany, Lithuania, Norway, Romania and Spain. Taking a closer look at Spain, where the self-employed can opt in to be covered for accidents at work and occupational diseases, only 19.7% of the self-employed do so. For TRADEs (see Chapter 4) and those self-employed workers involved in high-risk activities (according to a list established by the Ministry), there is, however, compulsory coverage.

There is no access to coverage against these risks in Bulgaria, Croatia, Cyprus, Ireland, Latvia, the Netherlands, Slovenia and the UK. In some countries, such as the Netherlands, the self-employed can voluntarily take public or private insurance.

A second point is related to childbearing and rearing including the duration and payment of maternity leave, as well as family benefits.29

In most countries, family benefits are universal. In a series of countries, both maternity leave and family benefits are organised through a special regime for self-employed workers. In some countries, the self-employed can opt in for certain benefits. In two countries, benefits are low and mostly means tested.

Maternity leave is part of the social protection coverage for the self-employed in Austria, Belgium, Bulgaria, Croatia, Cyprus, Denmark, Estonia, Greece, Finland, France, Hungary, Italy, Latvia, Lithuania, Luxembourg, Malta, Portugal, Romania, Slovenia, Spain (some groups) and Sweden. According to Directive 2010/14/EU on equal treatment for self-employed men and women, self-employed workers and assisting spouses have the right to 14 weeks’ paid maternity leave. This directive was due to be transposed into national legislation by 5 August 2012 (2014 for assisting spouses). In most systems, the self-employed are covered for maternity leave. However, in a series of countries, either the duration or remuneration of the maternity leave is lower than for employees. An example of this is, for instance, Belgium, where the flat rate remuneration benefits for maternity leave for the self-employed apply for 12 weeks, compared with 15 weeks for employees. In Austria, the flat rate amount of maternity pay for the self-employed was increased in 2013. Female self-employed workers can apply for business assistance instead of a maternity allowance – to pay for someone to assist in the business for at least 4 days or 20 hours a week. In Croatia, France and Greece, it is usually paid as a flat rate. In Estonia and the Netherlands, benefits paid during maternity leave are related to previous income.

Some self-employed workers are not obliged to be insured but can voluntarily apply for maternity leave cover, for instance among certain groups of the self-employed in Germany, Poland and Spain.

In Ireland and the UK, there is no paid maternity leave for self-employed workers, although the self-employed can apply for means-tested maternity leave in both countries.

A third element is building up an old-age pension, which might be different from that of employees in some countries depending on how the pension system is related to a person’s employment history and pension entitlement. In all countries, self-employed workers are covered for old-age pensions; however, there are very different levels and ways of contributing to a pension scheme. Furthermore, the amount of the state pension, compared with an occupational pension, varies between Member States.

There are two main ways of organising a state or ‘first-pillar’ pension scheme: either offering a universal state pension that is the same for the self-employed and employees, or a specific work-related pension that is usually compulsory and part of the special social security system for self-employed workers and depending on pension contributions made during their working life. On top of this so-called first-pillar pension, an occupational or private pension can be voluntarily added. In most countries, there is a first-pillar pension scheme, but in some countries, the self-employed only receive a basic pension from this, for instance in Denmark and the Netherlands.

In some countries, such as Bulgaria, Finland, Romania, Slovakia and the UK, self-employed workers who earn under a certain income threshold can be exempted from paying into a pension scheme, but can opt in to avoid gaps in their contribution record. In Germany and Spain, the self-employed can opt out or opt for lower cover, if

29 Paternity leave and parental leave for self-employed workers were not considered in either MISSOC or the national contributions from Eurofound’s Network of European Correspondents. The only countries where a hint to it was made were Austria – where financial support for a replacement during a period of childcare can be requested – and Spain, where reconciliation and reduction of working time (sometimes in the form of parental leave) are highlighted as issues for self-employed workers with care responsibilities. However, no concrete suggestions were discussed.
they have an occupational or private pension. Usually, occupational pensions complement the state pension, being voluntary for self-employed workers.

In the UK and Ireland, there is a state pension, but the level is quite low and needs to be complemented by an occupational or private pension scheme. In the UK, very few self-employed workers pay contributions to a pension fund (a ‘second-pillar pension’), on top of a very low state pension.

In Slovakia, there is policy discussion in relation to the level of contributions the self-employed pay for their pension, which is considered relatively high in comparison with employees.

A fourth element is access to unemployment benefits for the self-employed.

In Denmark, if a self-employed person with or without employees goes bankrupt, they continue to be eligible for social security, including unemployment benefits, provided all activities cease and the website closes down. There is, furthermore, a specific voluntary social security fund for the self-employed, which is used mostly by the self-employed without employees for extra insurance. In Luxembourg, self-employed workers who lose their job can receive unemployment benefit if they register as job-seekers. In Hungary, Poland and Slovenia (for the self-employed in registered businesses), the self-employed are insured against unemployment. Unemployment benefits in Portugal are only available for business owners and economically dependent workers.

In some countries, unemployment benefits or job-seekers’ allowances are means-tested and usually very low, such as in Estonia, Ireland and the UK.

Voluntary insurance is available for self-employed workers in Austria, Finland, Germany, Greece, Romania, Slovakia, Spain and Sweden. In Germany, since 2006, self-employed workers have been able to contribute to the public unemployment insurance scheme. In Greece, since 2011, self-employed workers in certain occupations, such as small traders, liberal professions and journalists, have been able to pay voluntary contributions (£10 a month) into the social security fund of that occupation. In case of unemployment, subject to certain conditions, they can receive unemployment benefits. In Sweden, where the self-employed can be voluntarily insured against unemployment, support can be given in the form of unemployment benefit and assistance to (re)start the business, upon certain conditions.

In other countries, including Belgium, Bulgaria, Cyprus, France, Italy, Malta, Latvia, Lithuania, the Netherlands and Norway, there are no or limited unemployment benefits available for the self-employed. In Belgium, specific allowances can be received in case of a ‘catastrophe’, such as a natural disaster, fire and destruction of one’s business.

A final point is related to the building up of rights throughout working life: how to ensure that people at the end of their working life have acquired sufficient rights to be able to draw a pension, and how to ensure that transitions between jobs with different employment statuses will be reconciled and catered for in building up rights. At issue here is the growth in portfolio careers and slashers, for example, who combine different (part-time) jobs, sometimes with a different employment status, or a career alternating between spells of employment, self-employment and inactivity. Furthermore, the boundaries between work and non-work, often facilitated by information communication technology (ICT), and between different forms of employment status, are becoming more blurred.

Certain activities often bring quite limited income and workers might not pay for social protection cover at that time, which could create gaps in their professional contribution record. The question is, then, whether the social systems are adapted to these new realities.

For instance, different systems could be interlinked with regard to contribution records over one’s life course, moving from being employed to self-employed and vice versa, or compensating for periods of no contributions. In some systems or for certain benefits, eligibility to benefits depends on contribution records and/or waiting periods, although it might become even more important to cater for transitions in employment status. This might have consequences, either in the short term (for sickness benefits) or long term (pension eligibility, benefits).

Furthermore, in several countries, conditions have become more stringent to entitle workers to a full pension. This could mean, for instance, that workers need to have worked for a longer amount of time (for example, in some cases it has gone up from 30 years of contributions to 42 years of contributions). Spells throughout one’s working life in which no contributions were paid, because it was voluntary and maybe the income was very or too low, can create problems for certain groups of workers at a later stage of their life. The risk is higher for self-employed workers because they are usually responsible for enrolling in the social protection system and taking care of paying social security contributions, unless an exception is allowed, such as for certain groups of the self-employed, starters or those with very low incomes.

As already mentioned, in all countries, a series of actions has been carried out to improve the rights for (groups of) self-employed workers in specific areas. One proposal under discussion in many countries is the extension of unemployment benefit schemes to cover self-employed workers. It can be argued that in the face of considerable changes in the world of work, a move towards more universal schemes covering all workers or even all citizens is worth considering.
Any changes, however, need to be seen in the context of the specific overall tax and social security system existing in Member States. While aiming for a system that provides a good level of social protection for all and widening coverage to include the more precarious groups of self-employed workers has many advantages, it has to be done cautiously in order not to create new inequalities or a sense of unfairness. For instance, in the Netherlands, a policy debate is taking place on how to improve social protection for the self-employed, addressing also the question of how such a move can be balanced with the granting of a lower tax burden to the self-employed.

Whatever changes are adopted, a series of pending points need to be addressed for self-employed workers, such as the calculation of their contributions and electing for a system that ensures social protection over their life course.

Representation of self-employed workers

As shown in previous chapters, self-employed workers do not form a homogenous group, but are diverse in terms of their activities, situations and needs. Given this diversity, the question is whether joining forces in a representative organisation could be useful. What common interests might be served by joining such a body? Of course, one likely answer is that the fact that subgroups of the self-employed share similar situations and experiences might encourage them to join together. Another answer could lie in the nature of the organisations involved. What are their functions and what can they offer?

It is possible to identify different categories of organisation that represent the self-employed, such as trade unions, employer organisations and chambers of commerce. However, the precise services offered and the functions of the organisations within each category vary, and the functions performed by one kind of organisation in one country may be undertaken by a different form of organisation in another. It could therefore be helpful to indicate some of the different functions performed before giving examples drawn from a number of different countries.

One of the big differences between, for instance, chambers of commerce and employer organisations is their role compared with that of trade unions. For instance, collective bargaining is reserved for the work between employers and trade unions. Negotiating pay is perhaps the most far-reaching function that is offered, typically by a trade union bargaining on behalf of particular group of self-employed workers (musicians, actors or freelance journalists, for example). It might also be that minimum terms of payment are defined in standard contracts recommended by a professional body. In both cases, but especially the latter, the arrangements may be scrutinised by competition authorities, concerned to prevent price-fixing cartels. It may also be the case that there is reluctance on the part of some potential members to join an organisation that negotiates payment on their behalf, precisely because they see themselves as being in competition with other members.

Other services that a representative body might offer include:

- legal advice – and sometimes representation;
- professional insurance;
- training, and in some cases accreditation of qualifications;
- advice on, and in some cases access to, social protection;
- involvement in collective consultation by government or other public authorities on matters of common interest.

Across Member States, several representative bodies for self-employed workers or for particular groups of self-employed workers were identified. These have the potential and aim to assist self-employed workers with a wide range of issues. The extent of services offered varies very much from one country to another.

The self-employed can be included in a trade union body, an employer organisation and/or chamber of commerce. In most countries, all three types of representative bodies exist. In some countries, either trade unions or employer organisations dominate. For instance, in Hungary, there are no trade unions for the self-employed, while membership of a chamber of commerce in Austria is mandatory. Some trade unions bring together all workers, including employees and the self-employed, while other trade unions or employer organisations deal specifically with the self-employed or a subgroup of the self-employed, such as, for instance, artists or the liberal professions.

Main organisations

In most countries, there is a variety of organisations co-existing. There are few countries in the EU in which trade unions or employer organisations dominate. Three types of organisations are prevalent: chambers of commerce, employer organisations and trade unions.

Chambers of commerce

A chamber of commerce is a business network that aims to advance the interests of the business community on a local, regional or national level. More specifically, a chamber (similar to a business association) represents the interest of business ‘as customers and suppliers of goods and services in the production process’ (Brandl and Lehr, 2016).
A number of chambers in Europe (for example in Austria, France, Germany, Italy and Spain) are consulted on new laws in relation to commerce or industry. In these countries, businesses of a certain size, type or sector are obliged to join a chamber. If a chamber has the status of a public statutory body where businesses are members by law, these organisations tend to be bigger and more influential. For instance, in Austria, Germany and Poland, membership of chambers of commerce (in certain sectors) is mandatory. In contrast, in Denmark, Finland, Norway and Sweden, membership of businesses in chambers is voluntary. While lobbying decision makers is one of the main activities to advance product market interests, a number of other activities related to the provision of goods and services are pursued, such as:

- establishing rules and professional codes of ethics;
- defining qualification criteria and conducting professional examinations;
- authorising, licensing and/or registering businesses;
- providing vocational training.

**Employer organisations**

Employer organisations bargain with trade unions and generally represent the interest of their members, which they share with other groups, such as business associations and the chambers of commerce mentioned above. In addition, employer organisations advance and represent the labour market interests of business as well. This means the business as an employer is the focus and not the product or service of the business. Employer organisations commonly do this vis-à-vis the state or trade unions. They do, however, have a particular role with regard to collective bargaining with the trade unions. While employer organisations are consulted on and are involved in policy development on labour market issues and in collective bargaining, they also undertake a number of other activities, such as:

- providing information and training;
- supporting members’ participation in exhibitions and fairs;
- providing access to networks and fostering collaboration.

Some of the employer organisations specifically concentrate on representing the self-employed (with and without employees) as well as small- and medium-sized enterprises (SMEs). Some are also concentrating on certain sectors such as craftspeople and the liberal professions.

**Trade unions**

In contrast to chambers and employer organisations, trade unions advance the interests of the workers, often employees. This means trade unions are committed to improving working conditions – for example, in relation to pay, working time, health and safety. Like employer organisations, they commonly do this vis-à-vis the state, company or employer organisation. While trade unions are consulted on and are involved in policy development on working conditions and labour market issues more generally, collective bargaining is an important tool for advancing working conditions.

In addition, many trade unions across Europe also engage in:

- awareness-raising and provision of information;
- offering advice and individual services (for example, in the areas of social affairs, business, tax regulation, legal issues, liability, authorship, environmental issues, security and industrial relations);
- offering services such as accountancy, occupational health and insurance;
- providing online services and exchange platforms.

In some countries, trade unions have created special branches or networks to organise the self-employed more effectively. In other countries, specialised trade unions were formed to organise the self-employed exclusively. In some countries, these groups consider themselves as autonomous from employer organisations and other trade unions, while in other countries, they have split from a trade union or are affiliated to an employer organisation or a different trade union.

**Independent self-employed worker organisations**

Independent organisations can also offer services to self-employed workers. These organisations usually bring together people with a common interest and a common purpose without representing them in general. People can join voluntarily if they wish to avail of the services offered. Some of these organisations, such as cooperatives, can be hybrid as they may have individual members and business or corporate members.

Owing to the in-between status of a self-employed person, particularly in the 21st century, the services and representation of all different types of organisation can worthwhile. This is illustrated by Table 10, which shows that in most cases, a variety of organisations co-exist in any one country.
Variety of activities and orientation in selected Member States

As mentioned earlier, the different types of organisations tend to concentrate on certain activities due to the nature of the organisation, the needs of its members and resources available to them. Several examples are selected to illustrate the variety of activities offered independent self-employed workers’ organisations.

In Austria, there are three main organisations that organise the interests of self-employed workers:
- chambers of commerce (covering only self-employed workers);
- chambers for liberal professions (the self-employed or self-employed and employees);
- a trade union for private sector employees, graphical workers and journalists (employees and self-employed workers).

All three undertake awareness-raising activities about certain issues such as health and safety, as well as offering training, giving access to networks, providing support with taxes and social security issues, and offering other support.

Membership of the chamber of commerce is mandatory for the self-employed with a business licence, both for those who are self-employed (or businesses) with and without employees. The vast majority of businesses in Austria are therefore covered by the chambers, although there are exceptions such as the media, private training, and social and healthcare services, which are exempt from mandatory membership.

An umbrella organisation in Austria is the Federal Conference of Liberal Professions (BUKO), an umbrella organisation for all chambers of the liberal professions such as the Austrian Medical Doctors’ Chamber, the Austrian Chamber of Pharmacists, the Austrian Chamber of Dentists, the Austrian Chamber of Notaries, the Austrian Chamber of Patient Attorneys, the Austrian Bar Association, the Austrian Chamber of Public Accountants, the Austrian Chamber of Veterinarians and the Austrian Chamber of Architects and Engineering Consultants. Half of these cover only self-employed workers, and the other half both self-employed workers and employees, depending on the occupation covered.

The independent trade union GPA-djp (Union of Private Sector Employees, Graphical Workers and Journalists) organises free service contract holders and the newly self-employed. A particular interest group for employees with atypical employment relationships – called work@flex – was formed within the GPA-djp. Many of the predominantly white-collar workers organised by GPA-djp have employment relationships on the border of dependent employment and self-employment. GPA-djp covers 15% of the self-employed in its sector and is very active. They organise awareness-raising campaigns on precarious work and bogus self-employment. A website called Watchlist-Prekaer has been created to inform, share experiences and offer advice when needed.

In Belgium, there are five major organisations organising self-employed workers:
- Union of Independent Entrepreneurs (Unizo);
- National Federation of Small Companies and Traders (UCM);
- Liberal Federation of the Self-employed (LVZ);
- Union of Independents and SMEs (SDI/SDZ);
- Neutral Syndicate of Self-employed (NSZ/SNI).

These organisations are represented at the High Council for Self-employed and SMEs, which advises the government on all issues related to the self-employed and SMEs.

Table 10: Organisations open to the self-employed in different countries

<table>
<thead>
<tr>
<th>Type of organisation</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chamber of commerce</td>
<td>AT*, BG, CZ, DE*, HU, LU, PL*, RO SK</td>
</tr>
<tr>
<td>Employer organisation</td>
<td>CY, BE, BG, CZ, DE, DK, EE, ES, FI, FR, HU, IE, IT, LT, LV, MT, NL, NO, LU, PL, PT, RO, SE, SI, SK, UK</td>
</tr>
<tr>
<td>Trade union</td>
<td>AT, CZ, DE, DK, ES, FI, FR, IE, IT, LT, LV, MT, NL, NO, PL, RO, SE, SI, UK</td>
</tr>
<tr>
<td>Independent self-employed workers’ organisation</td>
<td>AT, BE, BG, CZ, ES, FR, NL, PT, UK</td>
</tr>
</tbody>
</table>

Note: * Membership is mandatory.

Source: National contributions for this report.

30 http://www.gpa-djp.at/cms/A03/A03_1.10.2?pk_campaign=WP_Flex
31 https://www.watchlist-prekaer.at/beratungsangebot
32 http://www.hrzkmo.fgov.be
While some organisations only organise the self-employed from certain regions (Unizo, UCM and LVZ), others cover the whole country (SDI/SDZ and SDI/SNI). While most of them cater for SMEs, tradespeople and artisans, as well as for the liberal professions, LVZ also organises entrepreneurs. All of the organisations provide information, advice, training and specialised services in social affairs, business, tax, legal, environmental/security and industrial relations areas. Members can make use of certain commercial services, such as accountancy, social secretariat (providing help with human resources and social security issues for staff), insurance, occupational health services and assistance in requesting permits to operate a business.

In addition to social partners, other interest groups have also begun to deliver services to the workers in Belgium. The cooperative SMart was set up to give advice to the self-employed in the creative and cultural sector (and by extension other freelancers) in finding their way in the social system. For instance, it offers to assist the self-employed in the creative and cultural sector (and by extension other freelancers) in finding their way in the social system. For instance, it offers to help the self-employed access information, training, legal advice, van rentals, subsidies, a professional social network and social security provisions. It also works with platform workers such as those deployed by Deliveroo, negotiating, for example, with the platform on minimum fixed-rate fees and insurance.

In Bulgaria, there are several different organisations representing the self-employed, mostly by groups of occupations with similar features, such as the liberal professions, registered self-employed workers, sole traders and home workers. The services offered vary from awareness-raising, training, support with taxes and social security, to preparation for and organisation of professional exams. A highly specialised organisation is the Trade Union of Self-employed and Informal Workers: Edinstvo. The driving force behind the creation of Edinstvo was the Association of Home Workers (Eurofound, 2015c), which seeks to address challenges such as low wages and job insecurity. It also aims to help the self-employed to move from the informal to the formal economy.

In Cyprus, the Confederation of Professional Craftsmen and Shopkeepers (POBEK) represents self-employed workers with and without employees in three sectors: services, technical occupations and transport. POBEK has participated in the debate on equal access to social benefits for self-employed workers and has concluded a number of agreements of relevance for their members’ personal interest such as legal regulation of technical occupations, and the application of health and safety provisions in butchers’ shops.

In the Czech Republic, several organisations of all types organise self-employed people. An additional reason for this might be that most organisations organise specific sectors or occupations only, for instance farmers, authors and freelancers, or operate as chambers of commerce and chambers for liberal professions. An organisation that is not sectorally defined is the Association of Small and Medium-sized Enterprises and Crafts of the Czech Republic (AMSP ČR), which is a non-profit, voluntary entrepreneur and employer association. While it organises tradespeople, microenterprises, and small- and medium-sized entrepreneurs, it also represents entrepreneurial associations. As an organisation representing a quarter of all SMEs, it is very active. For instance, AMSP participates in public discussions, organises regular events, conducts surveys among members, publishes news, carries out projects supporting specific categories of self-employed (for example, female and new entrepreneurs) and presents and comments on legislative proposals. A particular focus is the cultivation of an entrepreneurial environment through the provision of information and training, enhancing members’ qualifications, supporting cooperation among entrepreneurs, protecting business ethics, supporting members’ participation in fairs, and fostering collaboration with other associations and public administration bodies.

In France, both employer organisations and trade unions represent self-employed workers, such as the employer organisation representing SMEs. Several trade unions organise different types of self-employed workers in different sectors, along with employees, for instance farmers. Although it is unusual in France for a union to be dedicated to self-employed people, the Union of Self-employed Entrepreneurs (UAE) only admits members with ‘micro-entrepreneur’ status. The union has created a monitoring centre in order to analyse the structure and development of this type of self-employment. It has also developed a network of partners and has published a guide addressing a variety of issues relevant to self-employed people. All organisations carry out the whole range of activities, specifically for workers in those sectors.

In the Netherlands, both employers and trade unions cover self-employed workers. For self-employed without employees, there is an employer organisation, the Union of Independent Entrepreneurs (PZO-ZZP), which organises nationally and cross-sectorally, and is represented in the tripartite Social and Economic Council (SER). Furthermore, there are branches dealing with the self-employed in the main trade union

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organisations, where they can be members alongside employees. Finally, there is a specific and independent trade union for self-employed people without employees in general, ZZP Nederland, and there are also specific, independent trade unions for the self-employed in the construction and woodworking sector and for journalists. All these organisations offer a very wide range of services, either together with employees or specifically for self-employed workers.

In Portugal, the self-employed can be part of a chamber of commerce and professional chambers (including those of a wide range of liberal professions, ranging from doctors to economists). Some of these have voluntary membership, and others are obligatory. They give assistance with regard to training, enrolment on the correct register, ethical codes and so on, but do not have a specific role in social dialogue. One independent organisation that focuses in particular on the precarious working conditions of some self-employed workers is the Association for Combating Precariousness (Associação de Combate à Precariedade). This association is active in organising political and social events, assisting workers engaged in precarious employment – including temporary work, short-term work and bogus self-employment – and collecting data on precarious employment. It engages in activities such as political lobbying and supporting self-employed people with legal, social security and tax issues.

In Spain, there are two independent employer organisations and two independent trade unions for self-employed people: the National Federation of Autonomous Workers’ Associations (ATA) and the Federation of Professional, Autonomous and Entrepreneurial Organisations (FOPAE) on the employers’ side, and the Union of Professionals and Self-employed Workers of Spain (UPTA) and the Union of Autonomous Workers’ and Entrepreneurs’ Associations (UATAE), which are trade unions. All operate nationwide. UATAE has a branch called UATAE-mujer which specialises in self-employed women and female entrepreneurs.

In the UK, several organisations represent specific groups of self-employed workers. Examples include:

- UCATT – a union representing subcontractors in the construction, allied trades and technical industries (this union merged with Unite in January 2017);
- FEU (Federation of Entertainment Unions) – a union representing freelancers, many in the entertainment sectors;
- Musicians’ Union;
- BECTU – the media and entertainment trade union;
- Equity – a trade union for professional performers and creative practitioners in the entertainment industry.

Equity is one of the oldest unions for self-employed people. It was set up in 1930 by leading actors in London’s West End, who were concerned about the poor treatment and working conditions of many of their fellow professionals. A core aspect of Equity’s strategy is that it defends the right to ‘worker status’ for its members, based on the provision of personal services in accordance with the Employment Rights Act 1996, while concomitantly defending members’ rights to be classified as self-employed for tax and insurance purposes. This enables organisers to seek to enhance collective bargaining agreements to ensure the payment of national minimum wages, to secure holiday pay and better pay and conditions in general. Equity tries to ensure that members can have access to welfare rights and advice on insurance, taxes and pensions, and can provide insurance cover on public liability and personal injury. It developed a professional pension scheme for its members, with employer contributions, and provides training courses.

Other organisations usually operate in several countries. An example of this is the European Forum of Independent Professionals (EFIP). It has member organisations in 11 of the 28 Member States. EFIP was formed in 2010 and according to its website, represents over 10 million independent professionals at EU level through targeted research, advocacy and campaigning. One of its members is the Association of Independent Professionals and the Self-employed (IPSE), which represents freelancers, contractors and consultants from a diverse range of economic sectors. IPSE began as a single-issue campaigning body relating to IT consultancy but has expanded its services. IPSE offers advocacy, free tax and legal helplines, business interruption support, a range of insurances, a pension scheme, consumer discounts, access to accountancy services, discounted professional indemnity insurance, access to its library and training resources, as well as other benefits. It also continues to campaign on issues affecting the self-employed and makes representations to government.

The European Small Business Alliance (ESBA) also represents the self-employed as well as micro- and small business entrepreneurs through targeted EU advocacy and profiling activities. ESBA was formed in 1998 and represents over one million small businesses in 11 Member States.

Challenges in relation to organising the self-employed

There are several challenges in relation to the representation of self-employed people. As has been highlighted in this report, the self-employed form a very heterogeneous group. This is particularly visible when comparing, for example, an economically dependent worker working with a large company on a contractual basis with a managing director of their own start-up
In some countries, laws do not explicitly prohibit self-employed people from joining a union or to collectively bargain, but they may be prohibited nonetheless as it is considered a violation of competition law. However, freedom of association is a right in itself and an instrument in ensuring the effective implementation of labour rights. Key instruments to secure labour rights are the right to collective bargaining and the right to strike. However, if a person is not affiliated to a trade union, for instance, they may not be adequately represented. In addition, a dependent self-employed person might be reluctant to exercise their labour rights individually, in order to avoid retaliation through the termination or non-continuation of a contract. This may further complicate matters. Not only might that particular person be deprived of some of their labour rights, but other employees might be affected indirectly as well. Contractors who might be working on substandard contracts are an implicit threat to other employees’ rights and conditions because an employer might favour the less ‘demanding’ dependent self-employed – at least during a period of scarce resources, for instance. Another risk is that the reclassification of employees into self-employed or contractors is done to evade the state’s employment protection and social security laws. Employees may in certain situations be substituted by self-employed workers. In addition, a strained climate like this might undermine solidarity between workers, making it more challenging for unions to organise the dependent self-employed and to maintain working conditions overall.

For instance, in the Irish legal system, self-employed people are not allowed or are limited in their ability to bargain collectively and to form collective agreements. This is based on the Competition Act 2002, which highlights that every self-employed person is a distinct economic undertaking, and that therefore setting prices for their services collectively is considered an illegal, anti-competitive practice. On 7 June 2017, the Competition (Amendment) Act (2017) was enacted. It delimits the application of the Competition Act 2002 to trade unions and their members to certain negotiated agreements. An explanatory memorandum acknowledges that ‘atypical employment, involving those who are not obviously employed or self-employed, is a growing phenomenon’. The 2017 Act highlights that trade unions are now enabled to organise and negotiate collectively on behalf of individuals who ‘personally to [sic] do any work or provide any services’. Such individuals will not be classed as undertakings for the purpose of competition law. As a result, collective bargaining rights were reinstated for voice-over actors, session musicians and freelance journalists. Trade unions welcomed the Act, arguing that it is an important step towards protecting vulnerable workers.

In Latvia, the self-employed are not allowed to join company-level trade unions, but they are allowed to join sectoral and professional trade unions or employer organisations. As is the case in many of the eastern and central EU Member States, the industrial relations system in Latvia is fragmented. The main level of collective bargaining is at company level. If self-employed people, especially contractors, are prohibited from joining company-level unions, they are excluded from one of the crucial access points to collective agreements.

In Malta and Romania, trade unions specifically dedicated to the concerns of self-employed persons without employees are banned, according to the definition in the Maltese Employment and Industrial Relations Act 2002. It reads that a trade union is ‘an organisation consisting wholly or mainly of workers and of which the principal purpose is by its rules the regulation of relations between workers and employers’ associations’. However, this means that self-employed people can still join trade unions or employer organisations – they can just not form the majority of represented people. The case in Romania is slightly different. While self-employed people had no right to form a trade union dedicated to their needs, they were allowed to join an existing union (similar to the situation in Malta). However, this rule (Unions Law No. 54/2003) was substituted by the Act on Social Dialogue 62/2011.
(see ELLN, 2012), which only provides for the right to form and join trade unions if you are an employee or a member of a cooperative (see also Eurofound, 2004).

Collective agreements dealing specifically with the self-employed are rare and exist mainly in the UK and in Italy. In the UK, an example of this is the professional and occupational trade union, Equity, which negotiates on behalf of its members – entertainers – with broadcasting companies, seeking to enhance collective bargaining agreements to secure better pay and conditions and also to ensure that holiday pay and the national minimum wage are payable under standard contracts. In Italy, the New Work Identities (NiDIL), the Federation of Autonomous, Atypical, and Temporary Agency Workers (FeLSA) and the National Federation of Temporary, Autonomous, Atypical, and Economically Dependent Workers (Uil-temp) are active trade unions that together organise 5.4% of all self-employed people in Italy. Around one-third of the self-employed are organised by employer organisations. Although the representation of the self-employed by trade unions in Italy is comparatively low, collective agreements were concluded by NiDIL, FeLSA and Uil-temp.

In Poland, self-employed people were until recently unable to form trade unions but a successful challenge by the All Poland Alliance of Trade Unions (OPZZ) in the Polish constitutional court means that self-employed workers are now allowed to join trade unions (ETUC, 2010). OPZZ argued that the existing labour regulations were in breach of workers’ basic rights to representation in the workplace. This was accepted and deemed unconstitutional. As in Ireland, the ruling was interpreted by the trade unions as an opportunity for atypical and vulnerable workers to seek trade union protection and to improve their rights.

In Croatia, Greece and Hungary, there are no trade unions representing the self-employed.

Conclusions

Many Member States are currently discussing ways to increase social protection for the self-employed. However, there are still examples of risks for which the self-employed in many Member States are not covered. This includes cover in the case of unemployment, sickness and accidents at work. Cover for these risks would alleviate some of problems encountered by self-employed workers, both in terms of job quality and potential health outcomes, as well as with regard to short-term and long-term financial vulnerability. This might be particularly relevant for the more vulnerable groups of self-employed workers in terms of job quality and precariousness.

A key element to consider is the low or irregular income of some groups of self-employed, which can inhibit enrolling in a system, even if the theoretical possibility exists. Also, social protection needs to be considered from a life course perspective. Building up rights can be difficult for those who change employment status over the course of their working lives and particularly challenging for some groups of the self-employed.

Representation can assist the self-employed in finding their way through the system, in navigating tax and regulatory systems, and also with enrolling in social protection schemes. Organisations representing the interests of the self-employed can provide support in the areas of understanding one’s rights, training (for instance on health and safety), and also access to networks.

The range of organisations catering for self-employed people is testament to the fact that there is a real demand for a variety of individual services and collective activities. This varied demand reflects the diversity of types of self-employment situations in Europe.
Policy discussions around self-employment address the issue from different angles. Self-employment can be promoted as a form of job creation, with policymakers looking for ways to encourage more people to start their own business and become self-employed. Another debate focuses on concerns that some forms of self-employment are used as a way to avoid employers’ responsibilities, taxes and social security contributions. In a third discussion, the precarious situation some of the self-employed are finding themselves in is highlighted, and some Member States have addressed the issue through adopting legislation to combat bogus self-employment or economic dependence.

The variety of policy concerns around self-employment calls for a more nuanced understanding of who the self-employed are and what it means to be self-employed. The research presented in this report is an attempt to do so by capturing the heterogeneity in a more detailed way, one that goes beyond the traditional dichotomy of self-employed with and without employees. An empirical estimation model, based on data from the sixth European Working Conditions Survey (EWCS), identifies five groups of self-employed and compares job quality for each of the groups.

The results show that the majority of self-employed people have high levels of job quality. This is the case for the self-employed in two of the five groups. These two groups have been labelled ‘employers’ and ‘stable own-account workers’, and comprise nearly half of all the self-employed. Self-employed workers in these two groups generally became self-employed out of choice: they enjoy being their own boss and do not find it difficult to bear the responsibility of running their own business. While the first group generally employs staff and the latter does not, both are economically independent and have autonomy in their work. The ‘employers’ and ‘stable own-account workers’ enjoy high levels of overall job quality.

Two other groups, labelled ‘vulnerable’ and ‘concealed’ self-employed, give more reason for concern. A quarter of all the self-employed belong to these two groups. Most of them are self-employed for the lack of a better alternative. Their situation is characterised by economic dependence, low work autonomy and financial vulnerability. The ‘vulnerable’ group are especially economically dependent because they rely on one or few clients and find it difficult to get new clients. The ‘concealed’ are in many respects very similar to employees and are most strongly characterised by their lack of autonomy at work. Economically dependent workers or bogus self-employed workers, who attract much attention in the policy debate, are likely to be found in these two groups.

The last group, labelled ‘small traders and farmers’, shows a more mixed picture. While they usually did not become self-employed out of necessity, they find the responsibility for their business hard to bear. Working time quality is very low, mostly as a result of very long working weeks. In addition, this group has the lowest scores on indicators on health and well-being among the self-employed.

A number of policy pointers can be derived from the results of the analysis of data from the sixth EWCS.

**Supporting business development and entrepreneurship**: Self-employment provides a majority of the self-employed with good working conditions and high levels of job quality. This type of self-employment should be fostered in the interests of growing competitive, innovative businesses and creating high-quality jobs. Barriers for those who wish to become self-employed should be removed and support in developing their business provided. As shown in previous Eurofound research (Eurofound, 2015a), it is important that support measures target people with attitudes and values conducive to entrepreneurial activity and who are willing and able to take on the responsibility of running their own business.

**Reducing ambiguity regarding the self-employment status**: Self-employment does not always come with the economic and organisational independence commonly associated with this status. Many self-employed workers, especially those who depend on only one client, find themselves in a situation that resembles that of employees in terms of economic dependence and autonomy. However, they do not enjoy the same level of protection as employees. Therefore, situations where workers are confronted with the ‘worst of both worlds’ need to be tackled. Member States have followed different approaches. Some have categorised economic dependence as abuse of the self-employment status and have introduced legal definitions to identify and combat bogus self-employment. Others have clarified the criteria for determining employment status – focusing on economic dependence – in an attempt to reduce ambiguity when categorising workers as either self-employed or employees. A few Member States have created a hybrid status through a specific legal classification of economically dependent workers. This usually goes along with giving workers in this category some employee-like social protection rights. However, this might only partially solve the issue. The jury is still out on which approach brings the best results. The question of whether an in-between status between employees and self-employed is required is also relevant in the context of emerging new forms of
employment where it is often difficult to determine who is the employer and who is the employee.

**Ensuring adequate levels of social protection:** The debate on accurate classification is linked to concerns about adequate levels of social protection for self-employed workers who may find themselves in vulnerable situations. As shown in this report, some subgroups are characterised by low levels of income and high levels of insecurity, while also scoring low for health and well-being outcomes. For these groups, an appropriate safety net has to be in place to cushion the risks associated with self-employment. Access to benefits in the case of unemployment, accidents at work and sick leave would be an important step forward. The European Commission’s initiative to establish a European Pillar of Social Rights aims to improve social protection for all, regardless of employment status. As mentioned in the Communication on the Pillar (European Commission, 2017), this does not impact on the right of Member States to define the principles of their social security systems. However, at European level, common challenges can be discussed, while respecting the subsidiarity principle when it comes to implementing solutions. In particular, some subgroups of the self-employed identified in this report would benefit from separating social protection from employment status and making it available for all in need of it.

**Assisting workers through collective representation:** Finally, collective representation offers opportunities to assist self-employed workers. This includes help in finding their way through the system, for example, with regard to taxation, regulatory issues or social protection insurance. Training, exchange of information and networking are also facilitated by organisations representing the self-employed. Different forms can be found in the different Member States. In addition to chambers of commerce and professional chambers, employer organisations and trade unions can represent and assist the self-employed. In many Member States, this potential is not yet fully used. There are examples in some Member States where organisations represent self-employed workers in collective negotiations. Beyond some concerns that acting together could falsify competition and amount to the formation of a cartel, collective bargaining is an appropriate way for some groups of self-employed workers to defend their interests and improve their working conditions.

The policy pointers above underline the importance of distinguishing between different types of self-employment when devising policies, whether with the aim of encouraging self-employment or protecting self-employed workers better. The current diversity of situations is likely to increase further with digitalisation, which drives the emergence of new forms of employment. In this increasingly complex world of work, governments and social partners need to maintain a broad perspective that looks at the entire life course. Transitions between different employment statuses are likely to become the norm, and policy measures not only have to ensure financial security and protection in the short term, but also allow for the building up of rights that will ensure acceptable standards of living in the longer term and during old age.

It is therefore useful to continue to collect data on, and to research different forms of, self-employment, including by following carefully the new phenomena. Understanding the working conditions and situations of these workers will feed into the revision of classifications, with the appropriate rights attached. But equally, it is important to reflect on our social model and its possible adaptation to current needs, including social protection for all workers in all employment status situations, to address specific issues and risks throughout working life, as well as to allow workers to build up their rights regardless of employment status or changes in employment throughout their working life.
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In the rapidly changing world of work, the traditional dichotomy of employee and self-employed is insufficient to capture the wide diversity of self-employed workers in Europe today. This report identifies five categories of self-employed, reflecting the wide-ranging attitudes, income levels, and health and well-being among this diverse group. Based on data from the sixth European Working Conditions Survey (EWCS) and the European Union Labour Force Survey (EU-LFS), the analysis reveals that the majority of self-employed workers enjoy high levels of job quality. However, there are concerns in relation to so-called ‘economically dependent workers’: while they are classed as self-employed, they lack both the autonomy that self-employment usually offers and the social protection granted by regular employment. Some policy approaches of Member States to this ‘in-between’ employment status are described in detail, which are of relevance for the discussions around the European Pillar of Social Rights.

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