Exploring self-employment in the European Union
Mathijn Wilkens

FOD Sociale Zekerheid

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Policy background

• Self-employment promoted to boost labour supply

• Is the nature of employment changing?
  – New, non-standard forms of employment
  – Employment status ambiguous
  – More precarious work?

• Sustainability of social protection systems

• European Pillar of Social Rights principle 12:
  *Regardless of the type and duration of their employment relationship, workers, and, under comparable conditions, the self-employed, have the right to adequate social protection.*
Self-employment stable overall, but more without employees

% of total employment in the EU15

Source: Eurostat (LFS)
More self-employed in services, less in agriculture

Self-employed by sector (2015)

% -point yearly change in the share of self-employed

Public sector
Agriculture
Services
Industry

Total


4
Country differences in trends

Share of self-employed (total) 2008 and 2015

No change
Increase
Decrease

%point change in self-employed without employees

Source: Eurostat (Labour Force Survey)
Why become self-employed?

- With employees:
  - Neither of these reasons: 15
  - A combination of both: 10
  - No other alternatives for work: 24
  - Mainly through own personal preferences: 71

- Without employees:
  - Neither of these reasons: 17
  - A combination of both: 20
  - No other alternatives for work: 24
  - Mainly through own personal preferences: 54

- All self-employed:
  - Neither of these reasons: 16
  - A combination of both: 20
  - No other alternatives for work: 20
  - Mainly through own personal preferences: 60

Source: Eurofound (European Working Conditions Survey 2015)
Clustering the self-employed

Self-employed, EU28, 2015
EU28 workforce 220.7 million (% within workforce)

- Employees 188.7 million (86%)
- Self-employed 32 million (14%)
- Employers 7.4 million (23%)
- Small traders and farmers 8.0 million (25%)
- Stable own-account workers 8.3 million (26%)
- Vulnerable 5.4 million (17%)
- Concealed 2.6 million (8%)
Stable own-account workers (26%)

- Opportunity, independent, autonomous
  - 93% has more than one client

- 99% does not employ staff

- 12% self-employed out of necessity

- 90% able to take time off
Vulnerable (17%)

Dependent, precarious, necessity

40% out of necessity

55% only one client

48% difficult to find new clients

63% in lowest income quintile

98% no training
Implications

• Majority of self-employed generally have good working conditions
  – Good job quality
  – Innovation and job creation?

• Self-employed are not always independent and autonomous
  – Worse job quality
  – Lack of social protection?
  – Lack of representation?

• Ambiguity regarding the self-employment status: dependence and subordination, but employee legislation does not apply
Social protection

Social protection and representation may be lacking
• No unemployment protection in 11 member states
• No insurance against accidents at work in 10 member states
• No sickness benefits in 3 member states
• Take up of voluntary coverage ranges from 1% to 20%

(Source: Spasova et al, 2017)
Representation

Union representation may be lacking for self-employed
• In some countries, barriers exist for unions to recruit self-employed. Conflict of interest?
• Collective bargaining and competition law

ETUC (2018):
• Self-employed represented in sectors with traditionally many self-employed
• Some unions specifically for self-employed
• More and more bigger unions now focus on recruiting self-employed as well
Policy approaches

• Member states
  – Criteria to distinguish employment from self-employment
  – Create a third status

• European Commission: access to adequate social protection for all
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[mwi@eurofound.europa.eu]