



# Self-employed workers: industrial relations and working conditions



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European Foundation for the Improvement of Living and Working Conditions

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# Contents

<b>Executive summary</b>	<b>1</b>
<b>Introduction</b>	<b>5</b>
<b>1 – Self-employed workers: basic data and trends</b>	<b>7</b>
<b>2 – Definition of self-employed worker</b>	<b>13</b>
National definitions of self-employment: trying to cope with complexity	16
<b>3 – Self-employment and social security</b>	<b>21</b>
<b>4 – Regulation of economically dependent work</b>	<b>27</b>
<b>5 – Collective representation of self-employed workers</b>	<b>39</b>
Trade union representation	39
Employer representation	47
<b>6 – Employment and working conditions of self-employed workers</b>	<b>53</b>
Working time	53
Risks and accidents at work	55
Work-related health problems and occupational illnesses	56
Work-life balance	57
Earnings levels and incidence of low-paid jobs	59
Job satisfaction	62
Conclusions	63
<b>References</b>	<b>65</b>
<b>Annex 1</b> Country codes	<b>66</b>



# Executive summary

## Introduction

Self-employment occurs to varying degrees in the 27 Member States (EU27) and Norway, and covers a wide range of categories of workers. Own-account workers are common in traditional sectors such as agriculture, forestry and fishing, retail trade and crafts, as well as in construction and transport and also in the liberal professions. Freelance work is an established feature of the media sector, including press and the film industry. With the growth of information and communication technologies (ICT), self-employment has spread to activities such as graphic design, web-based ventures and entertainment. Both widespread company restructuring and the impact of ICT have increased the use of subcontracting, including to micro-enterprises and self-employed workers.

This report presents an overview of industrial relations and employment and working conditions of self-employed workers in the 28 countries surveyed. The study was carried out jointly by the European Industrial Relations Observatory (EIRO) and the European Working Conditions Observatory (EWCO) of the European Foundation for the Improvement of Living and Working Conditions (Eurofound). It identifies basic trends in self-employment, highlights issues concerning the definition of self-employment and offers an overview of the different national regulatory frameworks. The analysis focuses mainly on own-account workers without employees and new forms of employment. It also examines the social security provisions for this category of workers – a source of differences between employees and self-employed workers. Finally, the report analyses the presence and regulation of ‘economically dependent work’, as well as the collective representation of self-employed workers.

## Policy context

The diversity of self-employed persons has attracted varied forms of regulation of this type of work. In Europe, self-employed persons have been the subject of attention in the sphere of employment law, more specifically in areas such as free movement and equal treatment. The EC Treaty provides for the free movement of all those who supply services, including self-employed persons. Regarding equal treatment, the directive on the application of this principle between women and men engaged in an activity in a self-employed capacity, and on the protection of self-employed women during pregnancy and maternity, is significant. It also aims to ensure that these rights are extended to the spouses of self-employed workers. The implementation of the principle of equal treatment should be pursued through the adoption of detailed provisions designed to cover the specific situation of self-employed persons.

In recent years, forms of employment have emerged that do not entirely correspond to traditional self-employment or standard dependent employment. The rise and diffusion of so-called ‘atypical’ employment contracts and the increasing importance of skills, flexibility and autonomy in organisational settings have triggered a broad debate on the possible ongoing structural changes in the domain of work. They have also fuelled the debate on the implications of such transformations on labour regulation, including both legislation and collective representation and bargaining.

## Key findings

Difficulties in arriving at a standard definition of ‘self-employed worker’ derive from the specific national contexts and legal frameworks, as well as the significant changes that employment relationships have undergone in recent years. Almost all countries surveyed have reported efforts to find a more effective



legal definition of self-employment in order to provide a framework for ensuring social security coverage and eligibility to rights and protections under labour legislation for self-employed workers.

Despite all the national differences, it is possible to identify five basic categories of self-employment, which are most often used in the relevant literature:

1. entrepreneurs, who run their business with the help of employees;
2. traditional 'free professionals', who, in order to work in their occupation, must meet specific requirements, abide by regulations and duty-bound codes and often pass examinations to be listed in public registers. They generally carry out their activities alone or in association with other professionals and with the help of a limited number of employees, if any;
3. craftworkers, traders and farmers, who represent the traditional forms of self-employment. These self-employed workers often work with their family members and possibly a small number of employees;
4. self-employed workers in skilled but unregulated occupations, sometimes referred to as 'new professionals';
5. self-employed workers in unskilled occupations, who run their business without the help of employees, but can sometimes be assisted by family members.

The incidence of independent work varies by more than a fifth in some countries, especially in southern Europe and in central and eastern Europe. In 2007, more than 35% of all employed people in Greece were not regular employees, followed by a similarly high level in Romania (34%). A significantly lower level, but higher than the EU average (17%), was recorded in Italy (26%), Portugal (25%), Poland (24%) and Cyprus (20%). A low incidence of independent work was present in Luxembourg (7%), Norway (8%), Estonia and Denmark (both 9%). In all cases, self-employment represents at least about 50% of all independent work.

Differences in the social protection systems for self-employed workers across countries are partly linked to the different 'welfare regime' in each country. Social security is probably the area where changes in the institutional framework for self-employed workers have been most evident in recent years.

Working time for self-employed workers tends to be much more uncertain and less structured than for employees. In many countries in this study, self-employed workers work more often than employees during atypical hours – evening, night, Saturday and Sunday; thus, the increasing diversification of working hours, which has characterised the European economic context in recent years, seems to affect self-employed workers more than employees.

Economically dependent workers are formally self-employed and usually have a form of 'service contract' with one employer, thus depending on a single employer for their income or large part of it. In all of the countries surveyed, economically dependent workers do not represent a homogeneous group. They occupy the blurred boundary between dependent employees and self-employed workers and, in general, they coincide with several forms of freelance work.

In terms of collective representation, the liberal professionals are often organised in independent interest associations. Craftspersons and small entrepreneurs, including in agriculture, are typically represented

by specific trade and employer organisations, while journalists and performing artists have in many countries a long tradition of strong unionisation. Trade unions also often have an established representation in construction, and in certain countries they have recently included new self-employed workers in their representational domains.

## Policy pointers

- In order to lessen the association between self-employment and the informal economy, as well as eliminate bogus self-employment, stricter enforcement of existing regulations and the development of new tools to face irregular situations, with the active involvement of the social partners, could constitute a timely and adequate policy response.
- Recent market deregulation policies have enabled more people to enter specific activities as self-employed workers, thus contributing to employment creation and economic growth. Nonetheless, it is important to ensure that such business-friendly policy measures are not introduced to the detriment of adequate economic rewards and social security protection.
- As Spain has done in recent years, other Member States could take steps to support policies to bring the conditions for self-employed workers closer to those of employees with regard to maternity and parental leave.
- Problems associated with some characteristic features of self-employed workers – low earnings, discontinuous work, low skills, long and non-standard working hours, the high incidence of industrial accidents and work-related health problems – require comprehensive measures at national and EU levels. Such policy measures should include welfare provisions, training initiatives, business support services and the promotion of collective representation, where appropriate, with a relaxation of competition rules. Policies in this regard would support the creation of more and better self-employment opportunities.



# Introduction

Self-employment includes a diverse variety of workers. Own-account workers are common in traditional sectors of the economy, such as agriculture, forestry and fishing, retail trade, crafts, and in the liberal or free professions. They are also present to a large extent in building and construction and often in transport, particularly in road haulage. Freelance work is an established feature of the media sector, especially among journalists and photographers. However, in recent decades, following a number of technological innovations made possible by the extensive adoption of information and communication technologies (ICT) throughout the industry, self-employed workers have also emerged in many other occupations, such as graphic design, music composition and information technology (IT) specialist, particularly in web-based environments. Actors, musicians and performers in the entertainment industry represent other groups of workers who are often self-employed. Widespread restructuring and reorganisation and the impact of ICT have sometimes enabled much leaner organisational designs with a significant recourse to subcontracting, including to micro-enterprises and self-employed workers.

In this framework, forms of employment have recently emerged that do not entirely correspond to traditional self-employment or to proper dependent employment, which have been sometimes labelled as ‘economically dependent work’ – see the EIRO comparative study ‘Economically dependent workers’, employment law and industrial relations. These forms of employment, as well as the changes in the domain of dependent employment, with both the rise and diffusion of ‘atypical’ employment contracts and the seemingly increasing importance of skills and autonomy in organisational settings, have triggered a very broad debate on the possible ongoing structural changes in the domain of work. They have also fuelled the debate on the implications of such transformations on the regulation of labour, including both legislation and collective representation and bargaining.

Reflections on these developments are quite varied and involve the assessment of the changes underway, their relevance and their consequences. Positions range from the identification of changes that point to completely new patterns of employment regulation (as in ‘the end of labour law’ perspective) to the assertion that no relevant transformations are taking place and that existing situations are reproduced, perhaps in slightly different ways.

This comparative study intends to contribute to this debate by analysing the specific employment and working conditions of self-employed workers. Whenever possible, the analysis focuses in particular on own-account workers without employees. It also analyses new forms of employment that seemingly combine the demand of collective representation and protections with regard to employers or customers – which traditionally pertain almost exclusively to employees – with some of the disadvantages of employment and working conditions typically associated with self-employed workers. Such disadvantages include low and uncertain income flows, longer working hours as a form of self-exploitation, less strict health and safety regulation – with the associated higher risks – and lower pension protections. The choice of a joint comparative analytical report by the European Industrial Relations Observatory (EIRO) and the European Working Conditions Observatory (EWCO) has been considered particularly apt, as it will enable the analysis to cover, simultaneously and in an integrated manner, both collective representation issues and employment and working conditions aspects.

In particular, this report aims to present information on:

- recent trends in self-employment;
- the institutional framework applying to self-employment;
- collective representation of self-employment;
- employment and working conditions of self-employed workers.



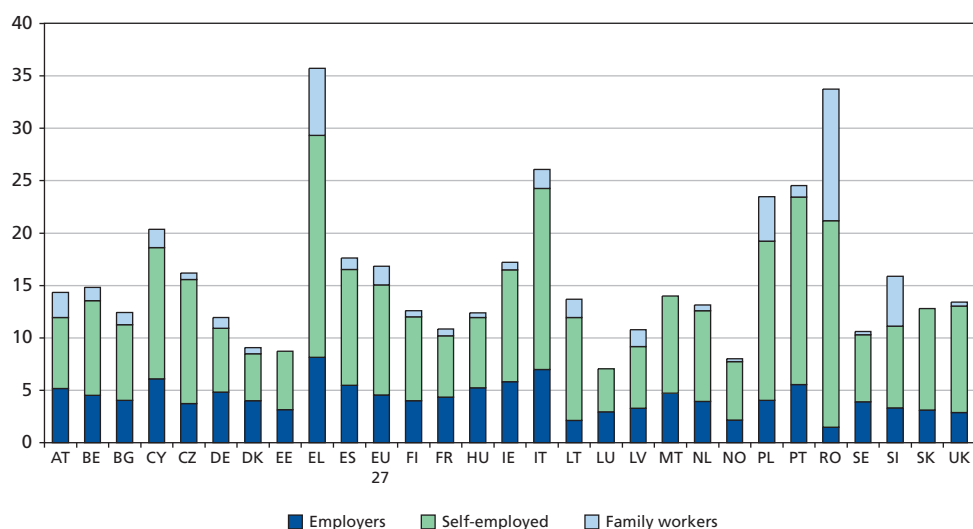
# Self-employed workers: basic data and trends

Self-employment occurs to quite a different extent in the countries covered by this study – EU27 and Norway. Before analysing these details, however, it is important to address a definitional issue and try to distinguish self-employed workers from other occupational situations that similarly do not correspond to dependent employment. This brief quantitative overview uses definitions and data from Eurostat, the Statistical Office of the European communities, which allow for the identification of the group of workers targeted in this analysis: own-account workers without employees. It will not always be possible to isolate this target group in further sections of the report: as self-employed workers are usually considered as (individual) businesses, in many cases no distinction is made between employers and self-employed workers.

In this chapter, however, the analysis focuses on the professional status of workers according to the Eurostat Labour Force Survey definition:

- *employers employing one or more employees* are defined as 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 persons not employing any employees* are defined as persons who work in their own business, professional practice or farm for the purpose of earning a profit, and who employ no other persons;
- *employees* are defined as persons who work for a public or private employer and who receive compensation in the form of wages, salaries, fees, gratuities, payment by results or payment in kind; non-conscript members of the armed forces are also included;
- *family workers* are persons who help another member of the family to run a farm or other business, provided they are not classed as employees.

Eurostat data enable an accurate analysis of the complex area that lies outside the boundaries of dependent employment and identification of some distinctive features of the various countries under review (Figure 1 and Table 1). First, the incidence of independent work – in which all professional situations apart from dependent employment can be grouped – varies by above one fifth in a number of countries, especially in southern Europe and in central and eastern Europe. In 2007, in Greece, more than 35% of all employed people were not regular employees. A similarly high level of independent work was found in Romania (34%) and a significantly lower level but still higher than the EU average (17%) was recorded in Italy (26%), Portugal (25%), Poland (24%) and Cyprus (20%). On the other side of the spectrum, a low incidence of independent work was present in Luxembourg (7%), Norway (8%), Estonia and Denmark (both 9%). In all cases, self-employed workers represent at least about 50% of all independent work, but this is much higher in a number of cases: for example, in the Czech Republic, Lithuania, Portugal, Slovakia and the United Kingdom (UK) these workers represent above 70% of independent workers. Family workers are a significant component of employment in Romania (13%), Greece (6%), Slovenia (5%) and Poland (4%).

**Figure 1: Workers who are 'not employees' in the EU and Norway, 2007 (% of employment)**


Note: See Annex 1 for a list of country codes.

Source: Eurostat, 'Employment by sex, age groups and professional status (1000)', accessed on 12 October 2008

**Table 1: Workers who are 'not employees' in the EU and Norway, 2007 (% of employment)**

	Self-employed	Employers	Family workers	Total
AT	6.8	5.2	2.4	14.3
BE	9.0	4.5	1.3	14.8
BG	7.2	4.1	1.2	12.4
CY	12.5	6.1	1.7	20.3
CZ	11.8	3.7	0.6	16.2
DE	6.1	4.8	1.0	11.9
DK	4.5	4.0	0.6	9.1
EE	5.6	3.2	-	8.9
EL	21.2	8.1	6.4	35.7
ES	11.0	5.5	1.1	17.7
EU27	10.5	4.5	1.8	16.9
FI	8.0	4.0	0.6	12.6
FR	5.8	4.4	0.6	10.8
HU	6.7	5.2	0.5	12.4
IE	10.7	5.8	0.7	17.2
IT	17.3	7.0	1.8	26.1
LT	9.8	2.1	1.7	13.7
LU	4.1	3.0	-	7.2
LV	5.9	3.3	1.6	10.8
MT	9.3	4.7	-	13.9
NL	8.7	3.9	0.5	13.2
NO	5.6	2.1	0.3	8.0
PL	15.2	4.0	4.2	23.5
PT	17.9	5.5	1.1	24.5
RO	19.7	1.5	12.6	33.7
SE	6.4	3.9	0.3	10.6
SI	7.8	3.3	4.8	15.9
SK	9.7	3.1	-	13.3
UK	10.2	2.9	0.3	13.6

Source: Eurostat, 'Employment by sex, age groups and professional status (1000)'

It is particularly important to assess the trends in self-employment in recent years. Table 2 presents two dimensions of change in self-employment over the period 2004–2007: the percentage change in the number of self-employed workers (Var. %) and the variation in percentage points of the incidence of self-employment on total employment (Var. pp). In other words, while the first indicator shows the extent to which self-employed workers have increased or decreased in 2007 compared with 2004, the second one illustrates the degree to which self-employment has increased or diminished its share of total employment. The two indicators may diverge depending on the pace of change of the other forms of employment: an increase in the number of self-employed workers does not correspond to an increase in the share of total employment as long as other forms of employment rise at a faster rate.

The incidence of self-employment remains quite low in a majority of countries, and changes are usually within two percentage points of total employment and often much less. With some limitations, due to possible transitory phenomena, a number of elements emerge from this basic analysis. First, in an overall picture of decreasing importance of self-employment, especially and not surprisingly in the countries where it was well above the average EU level, a number of cases present upward trends for both men and women: Belgium, France, Germany, the Netherlands, Romania, Slovenia and the UK. While the determinants may be quite different and it is not possible to rule out mere short-term variations, the presence of this tendency also in some of the largest EU economies may signal some underlying transformations which may affect work in the future.

The second aspect is the increase in the incidence of women who are becoming self-employed, which seems to emerge even where independent work as a whole is losing importance. Female self-employment is in fact growing in a number of countries and is more persistent than for men: self-employment increases more for women than for men in Germany and Romania; it increases where male self-employment is in fact diminishing, like in Cyprus, Denmark, Malta and Sweden; and it diminishes less than male self-employment in other countries such as Austria, Bulgaria, the Czech Republic, Greece, Hungary, Lithuania, Luxembourg and Poland. The situation is more balanced in Belgium, Estonia, France, Italy, Norway, Portugal, Spain and the UK. Exceptions are Finland, the Netherlands, Slovakia and Slovenia, where the importance of female self-employment is diminishing.

In order to better assess the underlying factors, a more in-depth and sophisticated analysis would be necessary, but this is beyond the objectives of this report. However, some more indications are available in the national reports to this study, to which readers interested in the situation in particular countries should refer.



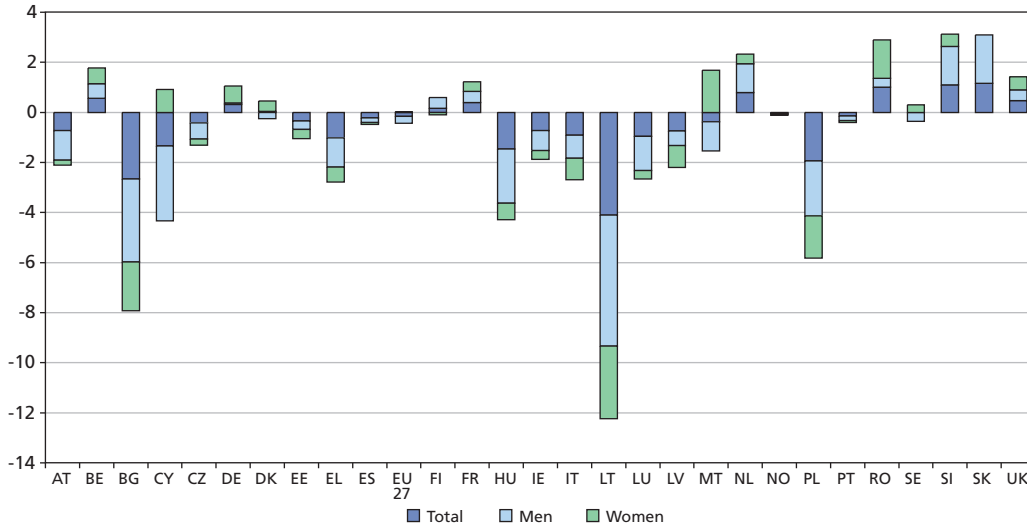
Table 2: Self-employed workers in the EU and Norway: levels (2007) and variations (2004–2007)

	Total		Men		Women	
	Var. %	Var. pp	Var. %	Var. pp	Var. %	Var. pp
AT	-0.5	-0.7	-5.1	-1.2	6.6	-0.2
BE	12.8	0.6	10.1	0.6	18.7	0.6
BG	-20.1	-2.7	-20.2	-3.3	-19.8	-1.9
CY	1.5	-1.3	-7.1	-3.0	28.1	0.9
CZ	1.5	-0.4	2.1	-0.6	0.1	-0.2
DE	13.7	0.3	7.3	0.1	26.9	0.7
DK	3.3	0.0	-2.3	-0.3	20.7	0.4
EE	3.7	-0.3	6.0	-0.3	-0.9	-0.4
EL	-0.6	-1.0	-1.7	-1.2	2.3	-0.6
ES	11.7	-0.2	8.6	-0.2	18.8	-0.1
EU27	4.5	-0.2	3.1	-0.3	7.5	0.0
FI	6.7	0.2	8.6	0.4	3.2	-0.1
FR	11.5	0.4	8.8	0.4	17.7	0.4
HU	-17.3	-1.5	-20.5	-2.2	-10.8	-0.7
IE	7.6	-0.7	7.6	-0.8	8.0	-0.4
IT	-1.7	-0.9	-1.6	-0.9	-1.8	-0.9
LT	-24.7	-4.1	-26.2	-5.2	-22.2	-2.9
LU	-12.6	-1.0	-22.6	-1.4	6.1	-0.3
LV	-2.8	-0.7	-0.5	-0.6	-6.2	-0.9
MT	2.8	-0.4	-6.4	-1.2	68.8	1.7
NL	14.9	0.8	15.9	1.2	13.2	0.4
NO	6.5	0.0	6.6	-0.1	5.8	0.0
PL	-1.2	-1.9	-0.2	-2.2	-3.0	-1.7
PT	0.1	-0.1	-1.0	-0.2	1.4	-0.1
RO	6.2	1.0	3.9	0.4	12.2	1.5
SE	5.1	0.0	2.2	-0.3	12.9	0.3
SI	21.3	1.1	24.4	1.5	13.8	0.5
SK	24.6	1.2	31.3	1.9	6.7	0.0
UK	8.1	0.5	6.5	0.4	12.2	0.5

Notes: 'Var. %' refers to the percentage change in absolute numbers of self-employed workers (2004–2007); 'Var. pp' refers to percentage point changes in the share of self-employed workers in total employment (2004–2007).

Source: Eurostat, 'Employment by sex, age groups and professional status (1000)'

Figure 2: Variation in the incidence of self-employment on total employment, by gender (percentage points)



Source: Eurostat, 'Employment by sex, age groups and professional status (1000)'.



# Definition of self-employed worker

# 2

The identification of a clear-cut and commonly accepted definition of ‘self-employed worker’ across all of the countries covered by this comparative analytical report certainly is a challenging task. Several difficulties in finding such a standard definition derive from the specific features of national contexts and legal frameworks. However, the main problems associated with a standard definition are linked to the significant changes that employment relationships have undergone in recent years, as a consequence of different factors affecting, to different degrees and in various ways, all of the countries under review here.

In particular, such changes are linked to the ‘process of rapid economic integration among countries driven by the liberalization of trade, investment and capital flows’ (International Labour Organization (ILO), 1999, point 2), as well as by the globalisation of production networks, technological change and transformations in the organisation and functioning of companies. The latter is often combined with restructuring in highly competitive international markets. Moreover, changes in workforce composition, with the increasing participation of women, migrants, young and older people, had an impact on the distribution of the types of employment relationships. This is also because self-employment may in some cases represent a viable alternative to unemployment, especially for disadvantaged groups of jobseekers. In addition, the transformation of the distribution of employment across the various sectors of the economy could have an impact on self-employment, due to the specificities of each sector in terms of the prevalent contractual relationships, as well as of the skills distribution. Other key factors include changes in labour market regulation, mainly linked to the introduction and development of forms of flexible and atypical work. In fact, in recent years, many enterprises have organised their activities so as ‘to utilize labour in increasingly diversified and selective ways, including various kind of contracts, the decentralisation of activities to subcontractors or self-employed workers, or the use of temporary employment agencies’ (ILO, 2003, p. 12).

However, it should be clear that these problems and difficulties essentially refer to the empirical and socioeconomic delimitation or definition of self-employment – that is, to the actual identification of the workers who can (or should) be regarded as self-employed compared with those who are subordinate employees. In the great majority of cases, the legal definition of both employment relationships remained unchanged.

The definition of ‘self-employed worker’ that is most common across the countries covered in this study refers to the traditional classification of employment relationships based on legal subordination and the dependent/independent worker dichotomy. This corresponds to the classifications used by the Organisation for Economic Co-operation and Development (OECD) and the ILO. However, this approach requires an important qualification for the purposes of this analysis. In practice, the focus of such classification is the subordinate employment relationship, while self-employment is defined almost in a residual way, comprising all contractual relationships that do not fall within the boundaries of ‘paid employment’. For instance, the ILO Resolution concerning the International Classification of Status in Employment (33Kb PDF), adopted by the 15th International Conference of Labour Statisticians in January 1993, includes under the heading of ‘self-employment jobs’ both ‘employers’ and ‘own-account workers’. As explained previously, this study mainly focuses on own-account workers, that is ‘those workers who, working on their own account or with one or more partners, hold the type of job defined as a “self-employment job”, and have not engaged on a continuous basis any “employees” to work for them during the reference period’.

Even with this specification, such a traditional, residual way of defining self-employed workers presents some difficulties to take into account the dynamic aspects of transforming contractual relationships. It is also difficult to clearly classify some of the formal employment contracts that have emerged recently in some national contexts in response to the abovementioned changes in the economic and organisational environments. In particular, a dichotomous structure often does not seem to be the most appropriate solution to cope with new types of employment that often fall into the widening 'grey area' between dependent employment relationships and self-employment.

For this reason, debates and attempts aiming to find a more effective legal definition of 'self-employed worker' have been reported in the case of almost all of the countries covered by this study. This is a very difficult and challenging task, since it has far-reaching implications. These implications involve crucial aspects such as terms and regulations for taxes and social security contributions, unemployment entitlements, disability and sickness benefits, the eligibility to rights and protections under labour legislation and, finally, the responsibility for the work performed.

The key issues of the institutional framework for self-employment and the set of connected obligations, rights and protections – compared with paid employment – are complicated by the existence of relevant distinctions and fragmentation within different forms of self-employment. In general, in several countries, important differences are present in the regulation of the 'traditional' forms of self-employment compared with the 'new' autonomous occupations, which have emerged as significant forms of employment mainly following the industrial reorganisation processes of the 1970s and 1980s. In some cases, the traditional forms of self-employment – for example, traders, craftspeople, 'liberal' professionals and farmers – are heavily regulated and include formal requirements to operate in professions and the existence on mandatory professional registers. Meanwhile, the new forms of self-employment are more an expression of the recent deregulation of labour markets and therefore reflect a quite distinct, if not opposite, attitude. For instance, in Austria, in addition to the 'traditional' and long-established forms of self-employment, which are defined by the income tax law, the legislator has introduced in recent years two additional statutory employment relationships by specific labour law amendments. The first new form of employment is the so-called 'free service contract', which is a hybrid legal construction mid-way between standard employment relationships and self-employment. The second form of employment is the so-called 'new self-employment', which covers holders of a 'contract of work' without a trade licence and freelance workers in some liberal professions – for example, psychologists, psychotherapists and translators.

Besides these differences in terms of type of profession, in all of the countries covered by the study, distinct definitions of self-employed worker exist according to various regulatory domains: self-employed worker is defined in various ways in employment law, tax law, trade law or social security law. As a further complication, in some cases, the legal definitions of self-employed workers are different from those used by national statistical institutes, such that the collection of data on socioeconomic indicators related to the different employment contracts may prove particularly difficult.

In this framework, empirical research and academic literature have contributed to the debate on changing employment relationships and the emergence of new forms of self-employment by trying to provide criteria to distinguish between different situations by looking at a set of dimensions, which have also been used at national level to reform and adjust existing legislation. The main dimensions are:

- investment of own capital;
- autonomy in the labour market;
- responsibility for and control of own work;
- presence of employees.

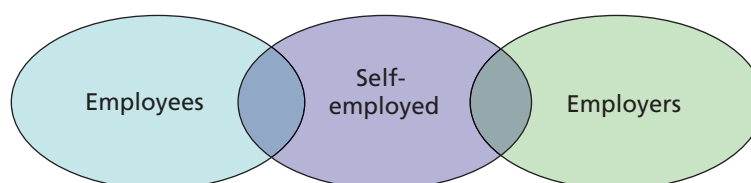
Following these elements, the broad category of self-employment has been classified in different forms that include a wide variety of occupations, both traditional and innovative. Despite all the national contexts and differences, it is possible to identify five basic categories of self-employment, which are most often used in the relevant literature:

- entrepreneurs, who run their business with the help of employees;
- traditional ‘free professionals’, who, in order to work in their occupation, must meet specific requirements, abide by regulations and duty-bound codes and often pass examinations to be listed in public registers. They can hire workers, but, with some exceptions, they generally carry out their activities alone or in association with other professionals and with the help of a limited number of employees, if any;
- craftworkers, traders and farmers, who represent the traditional forms of self-employment. These self-employed workers often work with their family members and possibly a small number of employees;
- self-employed workers in skilled but unregulated occupations, sometimes referred to as ‘new professionals’;
- self-employed workers in unskilled occupations, who run their business without the help of employees, but can sometimes be assisted by family members.

In practice, the objective of delimiting operationally self-employment for the purpose of this study – and to identify the distinctive features of self-employed workers as own-account workers – has to face the double challenge of distinguishing between employees on one side and employers on the other. A crucial aspect is the assessment of how and to what degree the recent economic and social changes have affected the two overlapping areas. Discrimination between these three positions in employment follows different dimensions: while the distinction with employees can generally be referred to as ‘subordination’, the difference with employers has more to do with ‘self-sufficiency’ in carrying out the business, which reflects the possibility or capacity of own-account workers to perform their activity with few organisational resources. Therefore, the latter depends on the kind of economic activity in question and also the personal professional skills of own-account workers. Recent transformations of organisation and work have occurred following the segmentation of the production process, the outsourcing of certain activities, including some labour-intensive and sometimes skill-intensive jobs, the introduction of leaner organisational models with higher worker autonomy, as well as the general increase in education and skill levels. These transformations have also led to an increase, at the same time, in the opportunities for own-account work in the private sector – apart from personal services – and the overlap between employees and self-employed workers. This has potentially introduced a clearer distinction between the needs and the interests of self-employed workers compared with employers and a closer resemblance to those of employees (Figure 3). Compared with the past, more sophisticated tools may be required to distinguish between own-account workers and employees, alongside novel forms of representation,

which could be developed not only in the traditional fields of business associations, but possibly in that of trade unions too.

**Figure 3: Overlap between employees, self-employed workers and employers**



### National definitions of self-employment: trying to cope with complexity

In each national setting, the coexistence of multiple definitions is usually mitigated by the prevalence of a specific domain over the others. For instance, in Sweden, the legal basis for distinguishing self-employed and employed workers is to be found in the Swedish tax laws, while, in Spain, the definition of self-employed worker established by the Spanish social security law prevails over the other definitions. In Belgium, the legal definitions of self-employed worker are based on social and fiscal criteria. According to the social criterion, a self-employed person is someone who exercises a professional activity without employee or civil servant status, whereas the fiscal criterion refers to the way taxes are paid out of professional income. In this case, the social definition has a clear dominance, since the fiscal criterion only holds ground as a presumption that can be challenged.

In other countries, different statutory definitions coexist without the prevalence of any single one. In Lithuania, no general statutory description of self-employed worker exists, but classifications linked to two specific domains operate side-by-side: the definition used by the state social insurance system and the partly different definition introduced by the law on personal income tax. In Portugal, the most broadly applicable definitions of self-employment are taken from the income tax code, on the one hand, and the business code, on the other. In this case, the income tax code identifies 'business-related and professional income' as that 'earned individually through any activity of service supply, including those of scientific, artistic or technical character, independently of its nature, and even if connected with commercial, manufacturing and agricultural activities'. The business code envisages both 'individual private limited company' and 'sole partnership company', which include both employers with several employees and self-employed workers without employees.

In this quite complex framework, an interesting trend that has emerged in recent years is the interventions aimed at modifying the legal definition of employee, in order to achieve a sufficiently precise and practically useful definition to reduce the possibilities of disguising dependent employment relationships as self-employment. Instances of these attempts, which confirm the traditional approach of considering self-employment as a residual category, can be found in Germany as well as in other countries. In particular, in the late 1990s, a German reform measure specifically focusing on self-employment tried to draw in an effective way the boundaries of dependent employment. The 1999 Act on the Promotion of Self-Employment (*Gesetz zur Förderung der Selbständigkeit*) established that a

person is deemed to be an employee – only for the purpose of social security schemes – if the person meets at least three of the following criteria:

- the worker does not employ other employees who are subject to social security obligations;
- the worker usually works for only one contractor;
- the same job is also performed by regular employees;
- prior to this job, the worker concerned carried out the same work as an employee;
- the worker has not initiated any entrepreneurial activities (*unternehmerisches Handeln*).

It is interesting to note that, instead of relying on a well demarcated and self-sufficient definition, the German legislator has chosen an open, variable and case-by-case approach to the demarcation of dependent employment, thereby recognising the shifting boundaries of employment and the dynamic aspect of employment contracts. The aim is clearly to include more situations than would be possible under a traditional definition, with a view to extending social security protections to atypical contractual arrangements.

In a sense, this new attitude in Germany is close to the traditional situation in Ireland and the UK, where there is no (closed) statutory definition of dependent employment, nor of self-employment. In the UK, case law is the most important way to assess the nature of employment, when disputes arise. Labour courts are required to use four tests in assessing the nature of employment relationships:

- control – determining who holds control over task, mode, means and timing;
- integration – determining how integral the work is to the business;
- economic reality – determining where the financial risk lies?
- mutuality of obligation – determining what evidence exists of formal subordination to contract terms.

These tests are designed to evaluate the individual's level of dependence on the employer, although the degree to which certain factors are taken into account is open to the discretion of the courts. The difficulties of the tests to produce a definitive outcome in relation to 'employee' or 'self-employed worker' have arisen in recent years owing to the diversification of employment relationships and the increase in 'non-standard' employment contracts. The 'mutuality of obligation' test is the most problematic of the four tests and its widespread use has led to a situation where the distinctions between temporary, casual and fixed-term workers are often confused with self-employed status. In addition, a lack of consistency is apparent between tax, social security and employment law: this means that legal judgements on the qualification of the employment relationships, which follow the abovementioned tests, do not always coincide with tax and social security regulations (Burchell, Deakin and Honey, 1999).

As a still different approach to the delimitation of independent work, Ireland has tried to overcome the difficulties linked to the distinction between employees and self-employed workers by establishing a 'code of practice on employment status'. The code has been laid down by a special tripartite Employment Status Group. According to the code of practice, people would normally be classified as self-employed workers if they fulfil the following conditions:

- own their own business;
- are exposed to financial risk, by having to bear the cost of faulty or substandard work carried out under the business contract;



- have control over the job they do, how they do it, when and where they do it and whether they do it themselves;
- are free to hire other people, on terms of their own choice, to do the work that they have agreed to undertake;
- can provide the same services to more than one person or business at the same time;
- provide the required materials to complete the job;
- provide equipment and machinery necessary for the job, other than the small tools of the trade;
- have a fixed place of business where, for example, materials and equipment can be stored;
- agree a price for the job;
- provide their own insurance cover, such as public liability;
- control their own working hours in fulfilling the job obligations.

Compared with the other cases, these guidelines refer directly to self-employment, rather than focusing on paid employment. They are similar to the guidelines produced by Ireland's Revenue Commissioners and the Irish courts in order to determine whether a person is deemed to be self-employed or an employee.

An important issue in the definition of self-employment, as already highlighted by the German and Irish criteria, refers to the possibility to employ other workers. As already illustrated by the abovementioned ILO classification, this is particularly relevant in order to discriminate between 'workers' and 'employers', which represents the other possible source of ambiguity.

In some countries – such as Bulgaria, Cyprus, the Czech Republic, Finland, Hungary, Italy, the Netherlands, Latvia, Lithuania, Portugal and Romania – the presence of a certain number of employees is one of the main factors that distinguish employers from self-employed workers. In particular, the presence of employees is mainly relevant in the statistical domain. For instance, in a number of central and eastern European countries, the current statistical definition practically reproduces the ILO classification. In Bulgaria, the National Statistical Institute (Национален Статистически Институт, NSI) defines as employers those individuals who manage their own enterprises, lease properties or perform other independent activities with at least one hired worker. On the other hand, self-employed workers are defined as persons who, alone or in partnership with other persons, perform business activities, practice their profession independently, lease properties or perform other independent activities without hiring other workers. In the Czech Republic, in general, an entrepreneur is a person conducting economic activities independently, on their own account and at their own risk for the purposes of generating revenue and profit. Within this group, people who hire employees are defined as entrepreneurs, while people working alone in their own enterprise are classified as 'own-account workers' or self-employed workers. The Statistics Lithuania (Statistikos departamentas, LS) defines employers as owners of all types of enterprises working with one or several partners in their own enterprises. Employers have to ensure that their employees' pay levels and working conditions meet those set by labour laws, collective agreements and other regulations. Self-employed workers are people who work in their own enterprises with one or more partners and do not have permanent employees.

The presence of employees, however, is not particularly important in other domains and has often a quite different impact on tax regimes of self-employed workers than on the social security obligations.

In particular, in most of the countries covered by this study, the presence of employees in an enterprise has some implications on the tax regimes applied to self-employed workers, while it is not a relevant factor in determining the social security regime, for instance, in Belgium, Estonia, Greece, Malta, Slovakia, Spain, Sweden and the UK. In France and Norway, the self-employment category includes entrepreneurs regardless of the presence of employees. In France, in particular, the self-employment category includes self-employed workers without employees, employers, agricultural workers, as well as people working in the family business. The latter refers to those who, without being employees, help a self-employed member of their family. In Norway, self-employment is often defined as work done by a person who runs a company on their own behalf or expense and at their own risk.

**Table 3: National definitions of self-employment**

Country	Legal definition	Main domains in which self-employment has been defined
AT	Yes	Income tax act; Labour law; General social insurance act
BE	Yes	Social security law; Fiscal law
BG	Yes	Employment promotion act; National statistical system
CY	Yes	Social insurance law
CZ	Yes	Social security insurance law; National statistical system
DE	Yes	Act to promote self-employment; Federal Labour Court
DK	Yes	Employment act; National statistical system
EE	Yes	Tax act
EL	Yes	Social security law; Case law
ES	Yes	Social security law; Self-employed Workers' Statute
FI	Yes	Civil law; Self-employed persons pensions act
FR	Yes	Social security regime for self-employed workers; National statistical system
HU	No	–
IE	No	Code of practice on employment status produced by a tripartite Employment Status Group
IT	Yes	Civil code; Tax law; Social security system; National statistical system
LT	Yes	Law of state social insurance; Law on personal income tax; National statistical system
LU	Yes	Social insurance code
LV	Yes	Civil law; National statistical system; Labour law
MT	Yes	Social security act
NL	Yes	Tax law
NO	No	–
PL	Yes	Act of freedom of business activity; Act on personal income tax; Social insurance system
PT	Yes	Civil law; Business law; Income tax code; Social security law
RO	Yes	National statistical system; Labour code
SE	Yes	Tax law
SI	Yes	Civil law; Law on commercial companies; Law on pension and disability insurance; several sectoral laws concerning 'liberal' professions
SK	Yes	Social insurance act; Trade licensing act; Commercial code
UK	No	Nature of employment assessed on a case-by-case basis if disputes arise

Source: National reports completed by the EIRO network of correspondents on the basis of a questionnaire



Probably due to its key position in the provision of social citizenship rights in the experience of European countries, social security legislation almost invariably includes specific provisions for self-employed workers. However, many differences exist in the social protection systems for self-employed workers across the countries covered in this study. Such differences are partly linked to the different 'welfare regime' in each country. The most widely used classification of welfare systems is that of Esping Andersen (Esping-Andersen, G., 1990 and 1999). According to the Esping-Andersen classification, it is possible to distinguish between the following regimes:

- a liberal or 'residual' welfare regime, which typically covers a limited number of risks on a means-tested basis and promotes recourse to the market – this regime is prevalent in Australia, Canada, Ireland, New Zealand, the UK and the United States (US);
- a conservative regime, which prevalently covers regular (male) employees in traditional economic sectors, thereby contributing to gender inequality and labour market segmentation – this regime is prevalent, for instance, in Austria, Belgium, France, Germany, Italy, the Netherlands and Spain;
- a social democratic regime, which tends to provide universal coverage of an extensive set of social risks – this regime mainly occurs in the Nordic countries of Denmark, Finland, Norway and Sweden.

Even if, in recent years, the spread of welfare reforms and changes in the socioeconomic environment have made the boundaries between the different welfare regimes less clear-cut, this classification still provides some important insights into the social security entitlements of self-employed workers and clues to understanding the interventions that specifically changed the protections of these workers – a certainly central aspect of their working and living conditions in broad terms. As for the latter, it is important to underline that reforms have tended to include self-employed workers and increase protections (as well as contributions), so that, at least in this domain, the position of employees and self-employed workers has come closer in a number of countries. Indeed, social security is most likely the area where changes in the institutional framework for self-employed workers have concentrated in recent years. This trend seems to be linked to the new needs for social protections expressed by several categories of self-employed workers, and mainly by people taking up new forms of self-employment, that are often 'midway' between dependent employment and self-employment, but still formally included in the usually less protected self-employment category.

Looking at the classification of welfare systems, it is quite clear that self-employed workers are usually excluded from mandatory public schemes in residual systems. In the UK, for instance, self-employed workers cannot benefit from all allowances that are not means tested, as well as from protection against unfair dismissal, redundancy compensation and guaranteed pay. However, they can benefit from lower income tax rates and can claim back certain expenses against tax. Similarly, in Ireland, self-employed workers are not entitled to unemployment, disability and invalidity benefits.

In the conservative regime, the usual arrangements include various compulsory social schemes, which can depend on different aspects, such as the workers' status, profession or sector of activity. As for self-employed workers, this often results in the presence of many different programmes devoted to single occupational groups, especially the traditional ones, such as farmers, craftspeople and liberal professions. In some cases, these established schemes are complemented with residual programmes devoted to workers with atypical employment relationships. However, relevant variations exist between the countries belonging to the cluster. Some countries – such as Belgium and France – combined fragmented pension systems with a national health insurance that is divided along broad occupational

classes. In other countries, a unified national health system is coupled with several occupational pension plans. In the Netherlands, public pensions are based on universal flat-rate benefits, while other programmes, such as those for health and education, are split along denominational and non-denominational lines (Esping-Andersen, 1999). Other differences refer to the amount and composition of social contributions and the way in which social contributions are collected. Moreover, a segmentation occurs between compulsory social security schemes, programmes that self-employed workers can join on a voluntary basis and schemes that are not accessible to those who are self-employed.

Even in the most universal and inclusive systems, some differences emerge. In Finland, although self-employed workers have formally the same social security scheme as employees, they have the possibility to choose both the composition and level of their social security protections. In practice, this opportunity means that the general level of social benefits of self-employed workers is lower than that of employees, mainly because self-employed workers often choose the minimum level of social security. For this reason, in 2003, the government set up a working group with the aim of securing adequate and reasonable social security guarantees for all those in gainful employment, including self-employed workers. The working group proposed some changes in order to strengthen the social security system for those who are self-employed, which comprised, for instance, some changes to protections and allowances for occupational accidents and sickness. These proposals were implemented at the beginning of 2005. In Sweden, a recent debate has been taking place on how the social security system influences the working conditions of self-employed workers. The main criticism brought forward highlighted that the social security regime does not take seasonal income fluctuations into account, when calculating, for instance, sickness benefits or parental allowances. This implies that self-employed workers do not get fully compensated for the actual income lost if the worker gets sick during the high season, when a large share of the annual income is earned, since the allowance is calculated on the basis of the average daily income.

In recent years, in some of the countries associated with the conservative regime, social security reforms have been frequently accompanied by changes in the coverage of self-employed workers. For instance, in Germany, until recent years, which was still following the approach to the public social security system introduced by Bismarck in the nineteenth century, self-employed workers were not covered by mandatory collective forms of social security. Today, after the reform of 1994, which introduced a universal social security system composed of five 'pillars', including health insurance, occupational accident insurance, unemployment insurance, old-age pensions, and nursing insurance, self-employed workers can join either a private or statutory health insurance scheme on a voluntary basis. In the spring of 2007, the government coalition approved an amendment which provides that, starting from 2009, self-employed workers who are not covered by a health insurance scheme will have to join the compulsory scheme. Moreover, since 2006, self-employed workers – under certain conditions – can be included in the public unemployment insurance scheme.

In Spain, the Self-Employed Workers' Statute (*Estatuto del Trabajo Autónomo*), approved by the Spanish Parliament in July 2007, introduced several measures, with a view to bringing the social security entitlements of self-employed workers closer to those granted to employees under the general social security system. In practice, the statute has introduced a special social security subsystem for self-employed workers, which includes some quite innovative elements such as the following:

- benefits for the stoppage of activities (*prestación por cese de actividad*), established with the aim of protecting those self-employed workers facing an urgent situation due to the involuntary stoppage of economic activities. This social insurance includes both paternity and maternity leave;
- social protection for temporary sickness (*prestación social por incapacidad temporal*), which covers all self-employed workers and starts on the first day of sickness;
- early retirement (*jubilación anticipada*) option, which covers self-employed workers involved in toxic, dangerous or painful economic activities and provides for the same protections guaranteed to employees under the general social security regime.

In France, self-employed workers, working in non-agricultural sectors, are covered by a single social security system (*Régime social des indépendents*), which, in 2006, replaced three occupational social security schemes – ‘Organic’ for traders, ‘Cancava’ for craftspeople and the ‘National independent professions’ sickness insurance fund which managed health insurance, maternity benefits and daily allowances for traders, craftspeople, manufacturers and free professionals.

In the Netherlands, all employment relationships are considered by the Dutch tax authority as employer–employee relationships or as ‘virtual employer–employee relationships’. This means that the employer, or the customer of a self-employed worker, is obliged to register their ‘employee’ at least one day before the first day of employment. As a consequence, the employer will have to pay the relevant wage taxes, as well as the social security and health contributions. The only exception to this rule concerns service providers working from home. In recent years, the government has introduced maternity leave for self-employed workers, effective from 1 July 2008. The actual allowance depends on the self-employed worker’s income during the previous financial year and cannot exceed the gross minimum wage.

In Portugal, in 1993, the general social security system was reformed and a new social security scheme for independent workers – that is, self-employed workers without employees – was introduced. This programme is mandatory for all individuals who perform any professional activity without an employment contract or any legal equivalent contract. In particular, the special regime provides two contribution schemes: a basic mandatory scheme covering maternity, invalidity, old age and death, and a broader voluntary scheme which provides further protections in the event of illness, occupational disease and family-related expenses. Two different contribution levels have been defined: 25.4% for the basic scheme and 32% for the broader scheme. Self-employed workers with employees are included in the general system of social security for employees, although with some differences. The main variation concerns the level of social contributions: employees pay a contribution of 11% of their gross wage (and their employers pay another 23.75%), while self-employed workers with employees pay 31.25% of their work-related income (up to a maximum of 12 times the value of the national minimum wage).

In Greece, in 2006, the government approved the reduction of the many existing occupational insurance funds, which provided separate cover for traders, craftspeople, lawyers, engineers and doctors. The new insurance programme for self-employed workers includes the previous Greek Fund for Craftsmen and Small Traders (TEBE), the Merchants’ Insurance Fund (TAE) and the Drivers’ Pension Fund (TSA). In general, the funds for self-employed workers do not provide protection for temporary inability to work, for example in the case of sickness and maternity. With regard to the health insurance, the

situation is characterised by a high level of fragmentation in terms of benefits and how protections are implemented.

In Italy, several occupational categories of self-employed workers also have special social security funds. Separate funds exist for free professionals, these being independent agencies providing social security coverage for various occupational categories of self-employed worker, such as lawyers and attorneys, notaries, accountants, consultants, psychologists, doctors, nurses, biologists, veterinary surgeons, pharmacists, surveyors, engineers and architects. These bodies are not subject to the general regime managed by the National Social Security Institute (Istituto nazionale di previdenza sociale, Inps) and can freely define their own social security regulations, provided that they comply with specific parameters of long-term financial equilibrium. For self-employed workers in other, less regulated jobs, however, old-age protection is mainly provided by public schemes financed by compulsory insurance or by basic pension schemes, as for subordinate employees. Inps, which is responsible for private employees, manages the social security coverage of certain categories of self-employed worker through three different funds – those for craftspeople, traders, as well as farmers and sharecroppers. An important innovation was introduced in the second half of the 1990s, when a special separate fund was set up to cover self-employed workers with employer-coordinated contractual relationships, which includes forms of employment that can be regarded as economically dependent work. The contribution level and the protections attached to this fund have progressively increased during the last decade (see the following chapter for more details).

With regard to the former socialist countries, social security schemes for self-employed workers can vary widely, reflecting the national features with regard to the transition processes, the prevalent approaches and attitudes towards the relative role of the state and the market in the welfare state regime, and the social and economic conditions. Among the eastern European countries, some common aspects characterise the welfare state systems, such as the prevalence of enterprise-based welfare schemes, relative under-protection of older people, an emphasis on childcare and education, a general presence of universal health care and broad social insurance schemes for employees from which, in several cases, self-employed workers are excluded. In fact, in almost all of the countries belonging to this group, relevant differences emerge between the social security schemes and benefits for employees and for self-employed workers respectively. In general, the main distinctions refer to both the nature of insurance schemes – mandatory or voluntary – and the amount of contributions, so that employees are more broadly protected, as they are included on a mandatory basis in a wider range of insurance schemes, and are entitled to more generous benefits.

In Bulgaria, the social insurance system does not include special and individual schemes for different professions, sectors or branches. All workers who work at their own risk and on their own account fall under the category of ‘self-insured’. They are responsible personally for social insurance contributions and for presentation of all data concerning social insurance required by the law. In practice, they can make their own choice regarding the amount of insured income on which they will pay contributions, within the range between the minimum and maximum monthly income defined by the law. The law requires self-employed workers to join pension and health care programmes, while they can decide to get insurance cover for other social risks – such as sickness and maternity – on a voluntary basis.

In the Czech Republic, the 1995 reform of the social insurance system introduced a contribution-based system for both pensions and sickness, so that benefits depend on the amount of contributions paid to

the social security insurance programme. Workers can participate in the social security insurance system as employees or as self-employed workers. The former are compelled to join both pension and sickness insurance schemes, while participation in the sickness insurance scheme for self-employed workers is voluntary.

In Estonia, some social security schemes exist that are not based on contributions and cover all citizens; therefore, in this case, no differences exist between employees and self-employed workers. Such schemes include the unemployment allowance, family benefits in the case of childbirth or childcare, and social benefits, as well as funeral grants. While the contribution-based social security programmes include pension schemes (covering old age, widows/widowers and invalidity) and health insurance (health care, sickness and maternity), self-employed workers are considered as employers and pay social tax contributions out of their business revenues.

In Hungary, similarly to employees, self-employed workers are entitled to social security provisions such as a pension, medical care, parental support and unemployment benefits. They basically pay the same type of social security contributions as employees and entrepreneurs. However, some relevant differences exist in the actual amount of contributions paid. For instance, until September 2006, the majority of self-employed workers paid social security contributions at a flat rate calculated on the basis of the minimum wage. After a reform of the system, self-employed workers have been compelled to pay social security contributions on the so-called 'expected contribution basis', which is double the amount of the actual minimum wage. Moreover, a different social security system has been introduced for the so-called category of 'second job holders', which includes pensioners or employees with a part-time or full-time job. This category of self-employed worker pays reduced social security contributions, but the benefits are also limited.

In Lithuania, self-employed workers have only a mandatory pension insurance, while they can join on a voluntary basis other social security schemes for sickness and maternity, unemployment, occupational accidents and diseases, as well as health coverage.

In Romania, the contributions to social security insurances for pension, health and unemployment are compulsory for employees and employers, while self-employed workers make social security contributions on a voluntary basis. For this reason, several occupational categories of self-employed workers – such as artists, lawyers, expert and authorised accountants – have established private social security schemes.

In Latvia and Slovakia, different procedures to pay social security contributions have been envisaged for employees and self-employed workers. In both countries, those who are self-employed are not, and cannot be, insured against occupational accidents or diseases.





# Regulation of economically dependent work

In general, the majority of aspects regarding economically dependent workers pointed out by the national correspondents for this study are similar to those highlighted in the previously mentioned EIRO comparative study *'Economically dependent workers', employment law and industrial relations*. According to this study, economically dependent workers are formally self-employed (they usually have a sort of 'service contract' with the employer) and they depend on a single employer for their income (or large part of it). The study also showed that, in some cases, economically dependent workers may be similar to employees from other points of view:

- lack of a clear organisational separation, which means that they work on the employer's premises and/or use the employer's equipment to complete the required tasks;
- no clear distinction of task, which means that they perform the same tasks as some of the existing employees, or tasks which were formerly carried out by employees and later contracted out to 'collaborators';
- the 'service' they sell individually to employers falls outside the traditional scope of 'professional services', which means that the tasks are simple, do not require specific skills and no professional knowledge or competence is needed.

Referring to these features, in all of the countries covered by the current study, economically dependent workers do not represent a homogeneous group. They occupy the blurred boundary between dependent employees and self-employed workers and, in general, they coincide with several forms of freelance work, in which it is possible to find people who are closer to either of the two ends of this continuum.

With regard to the definition of 'economically dependent worker', in the majority of the countries included in this study, it is the 'legal subordination' and not economic dependence that is the key element that distinguishes between different employment relationships. Moreover, as mentioned previously, in a lot of countries, no intermediate degree of subordination is possible: definitions of employment relationships are often based on the 'dependent-autonomous' dichotomy. However, for nearly all countries, in recent years, an increasing need was reported to find criteria that will help to define in a more effective way the uncertain status of economically dependent workers. Several countries have coped with these difficulties of definition following the same lines described in the already mentioned EIRO comparative study on economically dependent workers. These main paths of intervention include the following:

- introduction of new legal employment status;
- extension of labour protection by legislative intervention;
- case law;
- introduction of 'soft regulation' by social dialogue.

A small number of countries – Austria, Italy, Portugal and Spain – chose to introduce new legal forms of employment in order to define the 'grey area' between dependent employment and self-employment. As illustrated in the previous section, such new legal forms of employment have been introduced mainly to broaden the coverage of social security schemes – and notably pension schemes – to include these workers. As stressed in the EIRO comparative report on economically dependent workers, another element that has encouraged these legal initiatives is the need to increase social contributions in order

to improve the budgetary sustainability of social security schemes. In general, however, these new forms of employment belong to the broader category of self-employment and therefore do not imply the full extension of dependent employees' protections.

In Austria, the 1997 Labour Law and General Social Insurance Amendment Act, which aimed to extend social insurance coverage to all self-employed people, introduced the 'free service contract' – a hybrid legal construction mid-way between 'standard' dependent employment and self-employment. The free service contract workers are insured under the terms of the General Social Insurance Act and thus are covered by health, occupational accident and pension insurance, but excluded from unemployment insurance. In general, although they formally perform their work without a relationship of subordination, they often work for a single or principal employer and with fixed working time schedules. The so-called 'new self-employed' is another recent form of employment relationship that has several features similar to economically dependent workers. This category contains holders of a 'contract for work' without trade licence and freelance workers in some liberal professions. In contrast to free service contract workers, they are obliged to fulfil a certain, well-defined, task rather than to perform an ongoing service. In general, however, notwithstanding the self-employment nature of the free service contract and the new self-employed, several studies showed that an increasing number of persons involved in these forms of employment relationships are economically dependent workers.

In Italy, as already mentioned in the EIRO comparative study on economically dependent workers, a 1995 reform of the pension system included a rule providing for a special and separate social security fund for some groups of workers. This included those employed through 'continuous and coordinated contractual relationships' (also known as 'freelance work coordinated by an employer'), among whom are believed to be the great majority of Italian economically dependent workers. In order to restrict the use of continuous and coordinated contractual relationships as a form of 'bogus self-employment', legislative decree 276 of 2003, which reformed the Italian labour market, introduced the figure of the 'project worker', thereby reducing the range of application of employer-coordinated freelance contracts. Moreover, the normative framework introduced in 2003 has established a series of provisions intended to provide greater protection for freelance workers coordinated by an employer and for 'project workers'. In particular, the law has extended to these workers some social security benefits provided to protect workers in the case of pregnancy, sickness and injury. The recent Finance Act of 2007 has introduced further measures to strengthen social protection for these workers: in particular, since 1 January 2007, employer-coordinated freelancers and project workers enrolled with the separate social security fund – not pension-holders, and not contributing to other compulsory social security schemes – have been entitled to a daily sickness allowance paid by the Inps, for periods lasting no more than four days and with a maximum number of days equal to one sixth of the general duration of the employment relationship – that is, for no less than 20 days in a calendar year. The amount of the allowance is 50% of the amount paid to this category of worker for hospitalisation. The same law introduced an allowance for parental leave which is paid for a three-month period within the first year of the child's life and to an amount equal to 30% of the income taken as the benchmark for calculation of the maternity allowance. However, for these workers, the protections and rights stipulated by the law and by collective bargaining continue to be significantly lower than the protections and rights granted to dependent employees.

In Portugal, several particular legal forms of employment exist that cover contractual relationships which are commonly regarded to be mid-way between dependent employment and self-employment.

The most common forms are:

- home work (*trabalho no domicilio*), which does not provide any legal subordination and is prominent in the shoes and textiles sectors. Workers in this position usually receive the raw material and transform it at their home, being paid according to their output;
- special regime labour contract (*contrato de trabalho com regime especial*), covering, for instance, domestic and rural workers or professional athletes;
- service rendering contract (*contrato de prestação de serviços*). This contract form for individuals can be of two types: an '*avença*' contract (or 'lump sum contract'), which establishes a work relation for a certain period; or a '*tarefa*' contract (or 'task contract'), which establishes the accomplishment of a certain task by a person hired as a freelance cooperator for this specific purpose.

In Spain, the recent Self-Employed Workers' Statute, in addition to extending some social protections to self-employed workers, has defined the status of economically dependent self-employed workers (*trabajador autónomo económicamente dependiente*). These workers are defined as those who usually carry out, personally and directly, an economic or professional activity for lucrative purposes and only for one client, from whom they receive at least 75% of their income. Among the entire measures, these workers are entitled to 18 days of annual leave as well as to be covered by both the social protection for occupational accidents and professional diseases, and protection for stoppage of activities.

In other countries, alternative legislative provisions have addressed the grey area between dependent employment and self-employment. The most usual form of intervention is by the presumption of the existence of 'legal subordination' in the case of certain employment relationships, in order to protect some particular groups of workers.

In Belgium, the legal definition of the employment relationships is completely based on the dependent-autonomous dichotomy: consequently, no legal definitions are provided for the employment relationships lying between the two poles of the dichotomy. Notwithstanding this legislative 'gap', 'assisting spouses' of self-employed persons, although classified as self-employed workers, are considered as forms of employment that are 'midway' between dependent employment and self-employment. The Belgian social security law starts from the premise that the spouse or co-habiting partner of a self-employed worker is an 'assisting spouse' when the person is providing effective assistance in the business of the self-employed worker and does not have their own income from another professional activity, or a substitute income that entitles the worker to full coverage in the social security system. From the point of view of the social security system, since July 2005, assisting spouses are obliged to affiliate to the so-called 'maxi-status'. The maxi-status offers greater coverage than the previously applied 'mini-status': in fact, pension, family benefits, health care, disability, invalidity and maternity benefits are covered, but workers are not insured against bankruptcy. Social contributions are calculated on the basis of assisting spouses' incomes which are fiscally treated as proper professional incomes. However, the minimum social contribution that assisting spouses have to pay is considerably lower than the amount self-employed workers are obliged to pay.

In Germany, the 1999 act to promote self-employment established a set of five criteria to assess the employment relationship (see Chapter 2). If a person meets at least three of the five criteria, then he or she is deemed to be an employee and, consequently, will be covered by the social security system with regard to health insurance, old-age pension and unemployment benefits. It is interesting to note that the five criteria introduced in Germany correspond almost completely to the criteria used in the

abovementioned EIRO comparative study on economically dependent workers. Therefore, the legislative intervention introduced in Germany establishes that an economically dependent worker needs to be covered by the social security system. In practice, however, some problems develop from the status of being considered an economically dependent worker. The law stipulates that the burden of proof is with the social security administration. In other words, the social security administration has to prove that a person is economically dependent on one employer. Nevertheless, as long as the employer in question cannot be identified by the social security administration, economically dependent workers have to pay their own social security contributions.

In Greece, in addition to employees, in 1998 the legislator decided to include other classes of occupations in the Social Insurance Foundation (IKA), which is the general insurance system for employees established by Law 6298/34. The legislator aimed to extend social insurances to categories of employees who, with some difficulties, fall within the legally accepted concept of subordination. In particular, it referred to employment relationships based on 'contracts for services'. These include cases where the workers employed on a contract for services have only one (main) principal employer.

Case law is important in all of the countries covered in this study, but it is most relevant where no statutory definition of dependent employment exists – as in Ireland, Norway, Sweden and the UK – or where the legal definition is quite general and contains no cogent specifications, which is the case in Norway. Disputes typically involve formally self-employed workers who ask for recognition as dependent employees, in order to benefit from the protections granted to employees but not to self-employed workers. For instance, in the UK, as mentioned above, case law is the most important way to assess the nature of employment, when disputes arise. The precise definition of who is an employee and who is a worker differs slightly from one area of legislation to another. Under these blurred definitions, in several cases, labour courts have to use four tests in assessing the nature of employment relationships (see Chapter 1). In practice, and with an increasing frequency in recent years, the working arrangements of a significant minority of individuals are prone to difficulties when establishing employment status according to legal tests. These workers commonly fall between definitions of 'employee' and 'self-employed', but are generally classified legally as 'self-employed'. In the UK, these workers are most commonly termed – although not officially – as follows (Burchell, Deakin and Honey, 1999):

- 'dependent self-employed', which refers to a worker who is classified as self-employed but is often reliant on one employer;
- false or 'bogus self-employed', which refers to individuals who, objectively speaking, are employees but who, for reasons connected to the evasion of regulatory legislation, are described as self-employed by the workers themselves and/or by their employer;
- 'borderline self-employed', which refers to an individual whose legal status (employee or self-employed) is unclear.

Ireland has tried to overcome the difficulties linked to the distinction between dependent and autonomous work by establishing a 'code of practice on employment status'. This code has been drawn up by a tripartite committee. In practice, in Ireland, some employment arrangements are described as economically dependent. In general, in these cases, workers who are formally self-employed people are not clearly distinguishable from employees. They have no access to worker protection and employment rights legislation and are treated by the employer as a business which is subcontracted to do a fixed task or work for a fixed period.

In the eastern European countries, no formal employment relationships exist which can be linked to economically dependent work. In general, situations of economic dependence mainly refer to so-called bogus self-employment – that is, subordinate employment relations which are disguised as autonomous work, usually for fiscal reasons, or in order to avoid the payment of social security contributions and thereby reduce labour costs, or circumvent labour legislation and protections, such as provisions on dismissal. In particular, in some countries, such as Estonia and Hungary, national correspondents define bogus self-employment as a quite common practice present also in the public administration. In Hungary, however, steps have been taken since 2006 to limit this phenomenon by stricter enforcement in the private sector and a new tax payment procedure in the public sector which recognises the status of a certain group of collaborators.

**Table 4: Regulation of self-employed workers and economically dependent workers in the EU**

Country	Types and sectors of employment	Social security coverage	Working time, maternity/parental and sickness leave
AT	<p><b>Traditional:</b> Traders, craftspeople, 'liberal' professionals, farmers.</p> <p><b>Economically dependent workers:</b> 'Free service contract' and the 'new self-employed' workers.</p>	<p>Self-employed workers, free service contract and new self-employed workers are covered by the Social Insurance Act on Self-Employed Persons (<i>Gewerbliches Sozialversicherungsgesetz, GSVG</i>), which included insurance against the risks of sickness, industrial injuries and old age.</p>	<p><b>Working time:</b> Both 'free service contract' and 'new self-employed' workers are free to schedule their own working time. In the case of free service contract workers, the number of weekly working hours is usually established by contract.</p> <p><b>Maternity/parental leave:</b> Free service contract workers benefit by statutory maternity leave during the statutory protection period. New self-employed workers are – under certain circumstances – eligible to receive maternity allowances. Both groups cannot claim parental leave, but are eligible to receive childcare benefits.</p> <p><b>Sickness leave:</b> Both free service contract and new self-employed workers cannot claim sickness benefits in the case of illness, nor special leave for sickness. New self-employed workers can opt for an additional health insurance package, which provides for sick benefits in the case of illness.</p>
BE	<p><b>Traditional:</b> 'Liberal' professionals, artists, traders.</p> <p><b>Economically dependent workers:</b> 'Assisting spouses' of self-employed people.</p>	<p>Self-employed workers are responsible for all obligations towards social security. For these workers, the social contributions cover three sectors of the social security scheme: pension, family allowance and health insurance (sickness and disability).</p>	<p><b>Working time:</b> No specific rules.</p> <p><b>Maternity/parental and sickness leave:</b> Assisting spouses are obliged to be affiliated to the so-called 'maxi-status' – that is, a special social security scheme that covers pension, family benefits, health care, disability, invalidity and maternity benefits.</p>
BG	<p><b>Traditional:</b> Farmers, 'liberal' professionals, craft people, artists.</p> <p><b>Economically dependent workers:</b> No legal definition.</p>	<p>Self-employed workers are responsible for social insurance contributions and for presentation of all data concerning social insurance required by law. The law requires these workers to join pension and health care programmes, while they can decide to get insurance cover for other social risks (such as sickness and maternity) on a voluntary basis.</p>	<p><b>Working time:</b> No specific rules.</p> <p><b>Maternity/parental leave:</b> Self-employed workers can join on a voluntary basis.</p> <p><b>Sickness leave:</b> Self-employed workers can join on a voluntary basis.</p>

Table 4 (continued)

Country	Types and sectors of employment	Social security coverage	Working time, maternity/parental and sickness leave
CY	<p><b>Traditional:</b> Traders, entrepreneurs, craftspeople, farmers.</p> <p><b>Economically dependent workers:</b> No legal definition.</p>	<p>Self-employed workers are covered by a compulsory social security scheme. The amount of social contributions for these workers is lower than that of employees.</p>	<p>No specific rules.</p>
CZ	<p><b>Traditional:</b> Farmers, traders, artists.</p> <p><b>Economically dependent workers:</b> No legal definition.</p>	<p>Self-employed workers are compelled to get pension insurance, while participation in the sickness insurance scheme is voluntary. The amount of allowances depends on the amount of payments by workers to the social security insurance programme.</p>	<p><b>Working time:</b> No specific rules.</p> <p><b>Maternity/parental leave:</b> Self-employed workers can join on a voluntary basis. In the case that these workers, generally women with any economic status, do not participate in sickness insurance (which covers maternity leave), they receive a universal allowance of state social support.</p> <p><b>Sickness leave:</b> Self-employed workers can join on a voluntary basis.</p>
DE	<p><b>Traditional:</b> Craftspeople, farmers, artists, journalists, 'liberal' professionals.</p> <p><b>Economically dependent workers:</b> The 1999 act to promote self-employment established a set of five criteria to assess the employment relationship. Using these criteria, the social security administration can identify that a person is 'economically dependent' on one employer.</p>	<p>After the reform of 1995, self-employed workers can join a health insurance scheme, either a private or the statutory one, on a voluntary basis. Since 2006, these workers (under certain conditions) can be included in the public unemployment insurance scheme. Moreover, some occupational categories of self-employed worker have special social security funds.</p>	<p>No specific rules.</p>
DK	<p><b>Traditional:</b> 'Liberal' professionals, traders, entrepreneurs.</p> <p><b>Economically dependent workers:</b> No legal definition.</p>	<p>In general, self-employed workers are entitled to receive social benefits. For unemployment and sickness benefits, as well as maternity leave, these workers can receive financial aid if they fulfil certain requirements, which differ from the requirements that apply to employees. Self-employed workers who have their business as a main occupation cannot receive supplementary unemployment benefit.</p>	<p>No specific rules.</p>
EE	<p><b>Traditional:</b> Traders, 'liberal' professions.</p> <p><b>Economically dependent workers:</b> No legal definition.</p>	<p>Self-employed workers are covered by some social security schemes (unemployment allowance, family benefits, social benefits and funeral grants) that are not based on contributions. For the contribution-based social security programmes (pension schemes and health insurance), self-employed workers are considered as employers and pay social tax contributions out of their business revenues.</p>	<p><b>Working time and sickness leave:</b> No specific rules.</p> <p><b>Maternity/parental leave:</b> Linked to health insurance.</p>

Table 4 (continued)

Country	Types and sectors of employment	Social security coverage	Working time, maternity/parental and sickness leave
EL	<b>Traditional:</b> Traders, artists, craftspeople, 'liberal' professionals. <b>Economically dependent workers:</b> No legal definition.	From 2006, a new insurance programme for self-employed workers included several occupational insurance funds. In general, the funds for these workers do not provide protection for temporary inability to work, for example in the case of sickness and maternity.	<b>Working time:</b> No specific rules. <b>Maternity/parental and sickness leave:</b> Self-employed workers are excluded.
ES	<b>Traditional:</b> Traders, farmers, craftspeople, artists, 'liberal' professionals. <b>Economically dependent workers:</b> 'Economically dependent self-employed workers' ( <i>trabajador autónomo económicamente dependiente</i> ).	The 2007 Self-Employed Workers' Statute has introduced a special social security subsystem for self-employed workers, which includes several measures, with a view to bringing the social security entitlements of these workers closer to those granted to employees by the general social security system. The main measures are: 1) benefits for the stoppage of activities ( <i>prestación por cese de actividad</i> ), established with the aim of protecting those self-employed workers facing an urgent situation due to the involuntary stoppage of economic activities. This social insurance includes both paternity and maternity leave; 2) social protection for temporary sickness ( <i>prestación social por incapacidad temporal</i> ), which covers all self-employed workers and starts on the first day of sickness; 3) early retirement ( <i>jubilación anticipada</i> ) provision, which covers self-employed workers involved in toxic, dangerous or painful economic activities and provides for the same protections guaranteed by the general social security provisions for employees.	<b>Working time:</b> Economically dependent self-employed workers are entitled to 18 working days' annual leave. <b>Maternity/parental leave:</b> The Self-employed Workers' Statute envisages 'benefits for the stoppage of activities', including both paternity and maternity leave. <b>Sickness leave:</b> The Self-employed Workers' Statute envisages the 'social protection for temporary sickness' starting on the first day of sickness.
FI	<b>Traditional:</b> Traders, artists, craftspeople. <b>Economically dependent workers:</b> No legal definition.	Self-employed workers have formally the same social security scheme as employees. They have the possibility to choose both the composition and the level of their social security protections.	No specific rules.
FR	<b>Traditional:</b> Traders, craftspeople, entrepreneurs, farmers, 'liberal' professionals. <b>Economically dependent workers:</b> No legal definition.	Self-employed workers who work in non-agricultural sectors, are covered by a single social security system ( <i>régime social des indépendents</i> ).	No specific rules.
HU	<b>Traditional:</b> Craftspeople, artists, 'liberal' professionals. <b>Economically dependent workers:</b> No legal definition.	Self-employed workers are entitled to social security schemes such as pension, medical care, parental support and unemployment benefits. They basically pay the same type of social security contributions as employees and entrepreneurs.	No specific rules.



Table 4 (continued)

Country	Types and sectors of employment	Social security coverage	Working time, maternity/parental and sickness leave
IE	<p><b>Traditional:</b> 'Liberal' professionals, craftspeople, traders, farmers.</p> <p><b>Economically dependent workers:</b> A special tripartite Employment Status Group has established a 'code of practice on employment status', aiming to overcome the difficulties linked to the distinction between dependent and autonomous work.</p>	<p>Self-employed workers are excluded from mandatory public social security schemes. They are not entitled to unemployment, disability and invalidity benefits.</p>	<p><b>Working time:</b> No specific rules.</p> <p><b>Maternity/parental leave:</b> Self-employed workers are not entitled to join mandatory public schemes.</p> <p><b>Sickness leave:</b> Self-employed workers are not entitled to join mandatory public schemes.</p>
IT	<p><b>Traditional:</b> 'Liberal' professions, traders, craftspeople, farmers.</p> <p><b>Economically dependent workers:</b> 'Employer-coordinated freelance workers' and 'project workers'.</p>	<p>Several occupational categories of self-employed workers have special social security funds. Separate funds exist for free professionals, these being independent agencies providing social security coverage for various occupational categories of self-employed workers –for instance, lawyers, architects and doctors. For self-employed workers in other, less regulated jobs, old-age protection is mainly provided by public schemes financed by compulsory insurance or by basic pension schemes, as for subordinate employees. The National Social Security Institute (Inps) manages the social security coverage of certain categories of self-employed worker through three different funds – for craftworkers, traders, and farmers and sharecroppers). The 1995 law on pensions introduced a 'special' social security coverage for certain categories of self-employed workers, such as the employer-coordinated freelance workers and project workers.</p>	<p><b>Working time:</b> No specific rules.</p> <p><b>Maternity/parental and sickness leave:</b> Since 2003, employer-coordinated freelancer workers and project workers are entitled to protection in the case of pregnancy, sickness and injury. Since 2007, they have been entitled to a daily sickness allowance paid by Inps, for episodes lasting no more than four days and with a maximum number of days equal to one sixth of the general duration of the employment relationship (and in any case for no less than 20 days in one calendar year). Moreover, the 2007 law introduced an allowance for parental leave which is paid for a three-month period within the first year of a child's life and to an amount equal to 30% of the income taken as the benchmark for calculation of the maternity allowance.</p>
LT	<p><b>Traditional:</b> Farmers, traders, craftspeople, artists, 'liberal' professionals.</p> <p><b>Economically dependent workers:</b> No legal definition.</p>	<p>Self-employed workers have mandatory pension insurance, while they can join, on a voluntary basis, other social security schemes for sickness and maternity, unemployment, occupational accidents and health coverage.</p>	<p><b>Working time:</b> No specific rules.</p> <p><b>Maternity/parental and sickness leave:</b> Self-employed workers can join on a voluntary basis.</p>
LU	<p><b>Traditional:</b> Traders, entrepreneurs, artists, 'liberal' professionals, craft people, farmers.</p> <p><b>Economically dependent workers:</b> No legal definition.</p>	<p>Self-employed workers are covered by some social security schemes covering sickness and maternity, disability, death, old age, work accidents and occupational diseases. They can also receive other benefits, such as family allowances and unemployment benefits, only under very restricted conditions.</p>	<p>No specific rules.</p>

Table 4 (continued)

Country	Types and sectors of employment	Social security coverage	Working time, maternity/parental and sickness leave
LV	<b>Traditional:</b> Traders, farmers, 'liberal' professions. <b>Economically dependent workers:</b> No legal definition.	For self-employed workers, the amount of allowances depends on the amount of the workers' payments to social security insurances. Self-employed workers cannot be insured against occupational accidents and diseases.	No specific rules.
MT	<b>Traditional:</b> Craftspeople, traders, farmers, artists. <b>Economically dependent workers:</b> No legal definition.	Self-employed workers are entitled to less generous benefits than employees, especially with regard to sick leave, injury, maternity leave and benefit for widows/widowers.	<b>Working time:</b> No specific rules. <b>Maternity/parental leave:</b> Self-employed women are not entitled to the 13 weeks' paid maternity leave as granted by employers to their employees. They are entitled to a social security grant, amounting to about half the legal minimum wage for 13 weeks. <b>Sickness leave:</b> In general, the amount of sickness benefit payable to employees or self-employed workers is the same.
NL	<b>Traditional:</b> Artists, traders, home workers, 'liberal' professionals. <b>Economically dependent workers:</b> No legal definition.	Public pensions are based on universal flat-rate benefits, while other programmes, such as health and education, are split along denominational and non-denominational lines. Self-employed workers and service providers at home are responsible for themselves in the case of sickness absenteeism or loss of work and unemployment.	<b>Working time:</b> No specific rules. <b>Maternity/parental leave:</b> Since 2008, self-employed workers are covered for maternity leave. The allowance depends on the worker's income during the previous financial year and cannot exceed the gross minimum wage. <b>Sickness leave:</b> Self-employed workers can join on a voluntary basis.
NO	<b>Traditional:</b> 'Liberal' professionals, traders, craftspeople. <b>Economically dependent workers:</b> 'Not-employed employee' (or 'freelancer'), that is, a person who is not officially employed but acts as an employee.	The social security system provides universal coverage for an extensive set of social risks.	<b>Working time:</b> No specific rules. <b>Maternity/parental leave:</b> Self-employed workers have the same rights to maternity/parental leave as employees (that is, compensation from the National Social Security System for a certain number of weeks), but the compensation rate is lower than for employees. In recent years, self-employed workers may choose to take an extra insurance by increasing their social security contribution, which then gives them 100% compensation. 'Freelancers' are entitled to maternity/parental leave only under certain circumstances. <b>Sickness leave:</b> Self-employed workers are entitled to pay sick leave from the 17th sick day onwards of up to 65% of their income. Freelancers are entitled to sick leave (100%) from the 17th sick day (as for self-employed workers).
PL	<b>Traditional:</b> Traders, craft people, 'liberal' professionals. <b>Economically dependent workers:</b> No legal definition.	Self-employed workers are responsible for social insurance contributions and for presentation of all data concerning health care, pension and other social insurance schemes.	<b>Working time:</b> No specific rules. <b>Maternity/parental and sickness leave:</b> Self-employed workers can join on a voluntary basis.

Table 4 (continued)

Country	Types and sectors of employment	Social security coverage	Working time, maternity/parental and sickness leave
PT	<p><b>Traditional:</b> 'Liberal' professionals, artists, craftspeople, farmers.</p> <p><b>Economically dependent workers:</b> 'Home workers' (<i>trabalho no domicilio</i>), workers with a 'special regime labour contract' (<i>contrato de trabalho com regime especial</i>) and workers with 'service rendering contract' (<i>contrato de prestação de serviços</i>).</p>	Self-employed workers are covered by a special social security regime which provides two contribution schemes: a basic mandatory scheme covering maternity, invalidity, old age and death, and a broader voluntary scheme providing further protections in the event of illness, occupational disease and family-related expenses.	<p><b>Working time:</b> Service rendering contract workers and self-employed workers have the same regulations regarding working time and holidays.</p> <p><b>Maternity/parental leave:</b> Service rendering contract workers are not entitled to maternity/paternity leave.</p> <p><b>Sickness leave:</b> Service rendering contract workers are not entitled to sickness leave.</p>
RO	<p><b>Traditional:</b> Artists, lawyers, 'liberal' professionals, farmers, entrepreneurs, craftspeople, traders.</p> <p><b>Economically dependent workers:</b> Unpaid family workers.</p>	For self-employed workers, the social security contributions are on a voluntary basis. Several occupational categories of self-employed workers – such as artists, lawyers, and several 'liberal' professionals – have established private social security schemes.	<p><b>Working time:</b> No specific rules.</p> <p><b>Maternity/parental leave:</b> Self-employed workers can join on a voluntary basis. Unpaid family workers are not entitled to maternity or paternity leave.</p> <p><b>Sickness leave:</b> Self-employed workers can join on a voluntary basis. Unpaid family workers are not entitled to sickness leave.</p>
SE	<p><b>Traditional:</b> Traders, craftspeople, 'liberal' professionals.</p> <p><b>Economically dependent workers:</b> No legal definition.</p>	The social security system provides universal coverage of an extensive set of social risks.	<p><b>Working time:</b> No specific rules.</p> <p><b>Maternity/parental leave:</b> The level of parental allowance is dependent on the so-called 'sick benefit grounding income' (SGI). Both parents are entitled to a maximum of 390 days' leave with full compensation. Each parent has the right to demand half of the total time for parental leave.</p> <p><b>Sickness leave:</b> Self-employed workers are not entitled to sick pay but can apply for sickness benefits. The level of compensation paid by the social insurance office cannot, for employees or self-employed workers alike, exceed 80% of the SGI. Self-employed workers can count their net revenue as SGI. The period of sickness benefit for self-employed workers differs from that for employees.</p>

Table 4 (continued)

Country	Types and sectors of employment	Social security coverage	Working time, maternity/parental and sickness leave
SI	<p><b>Traditional:</b> Entrepreneurs, farmers, traders, 'liberal' professionals, craftspeople.</p> <p><b>Economically dependent workers:</b> According to expert opinion, these forms of employment exist mainly in the cultural sector, in which these workers have the special status of 'independent cultural workers', according to the register of the Ministry of Culture. Their status is defined in the Law on Independent Cultural Workers. The law includes occupations in the cultural sector and journalism. It also comprises technical as well as creative occupations.</p>	<p>Self-employed workers are covered by the general public pension insurance scheme and the general health insurance scheme. They are compulsorily insured if their earnings attain a fixed minimum level (linked to the yearly statutory defined minimum salary). For farmers, specific rules have been implemented with regard to their access to compulsory insurances. Self-employed workers can join, on a voluntary basis, an unemployment scheme. In general, the main differences between self-employed workers (farmers included) and employees are related to the insurance rating base, which is the basis for calculating both the contributions and the level of the pensions and other earnings replacement benefits.</p>	<p>No specific rules.</p>
SK	<p><b>Traditional:</b> Farmers, entrepreneurs, traders, lawyers.</p> <p><b>Economically dependent workers:</b> 'Contract on work', 'contract on work performance' and 'contract on work activity'.</p>	<p>Self-employed workers are entitled to less generous benefits than employees concerning health, sickness, old age, invalidity, widows/widowers and unemployment insurances.</p>	<p><b>Working time:</b> No specific rules.</p> <p><b>Maternity/parental leave:</b> For self-employed workers and workers with a 'contract on work', maternity/parental leave is included in the compulsory insurance scheme. Workers with a 'contract on work performance' or a 'contract on work activity' are not entitled to this benefit.</p> <p><b>Sickness leave:</b> Self-employed workers and workers with a 'contract on work' have to pay insurance contributions over the previous 270 days. Workers with a 'contract on work performance' or a 'contract on work activity' are not entitled to this option.</p>
UK	<p><b>Traditional:</b> 'Liberal' professionals, journalists, traders, craftspeople, farmers.</p> <p><b>Economically dependent workers:</b> No legal definition. Law is the most important way to assess the nature of employment, when disputes arise. Labour courts have to use four tests in assessing the nature of employment relationships.</p>	<p>In general, the welfare regime covers a limited number of risks on a means-tested basis and promotes recourse to the market. Self-employed workers are usually excluded from employment protection law, although they do pay lower rates of income tax and can claim back certain expenses against tax. These workers generally lose all rights to all non-means-tested benefits as well as protection against unfair dismissal, redundancy compensation and guaranteed pay.</p>	<p><b>Working time:</b> No specific rules.</p> <p><b>Maternity/parental and sickness leave:</b> Self-employed workers are not entitled to these options.</p>

Source: EIRO national reports



# Collective representation of self-employed workers

As previously illustrated, self-employed workers are a very diverse and composite group. They comprise traditional liberal professionals, who are often organised in independent associations, sometimes with a self-regulation role alongside interest representation responsibilities; craftspersons and small entrepreneurs, including in agriculture, who are typically represented by specific trade and employer organisations; journalists and performing arts workers, who have in many countries a long tradition of strong unionisation; and ‘new self-employed workers’, who have recently been included in the representational domains of trade unions in certain countries. The distinctions between these various groups may rest on quite formal elements: for instance, in Austria, self-employed workers with a trade licence and are therefore considered as ‘businesses’ must be members of the Austrian Federal Economic Chamber (Wirtschaftskammer Österreich, WKO), membership of which is mandatory for employers; in other countries, like Italy, many liberal professional workers must be members of a professional register, which also performs some collective representation functions and, above all, tends to define and restrict the representational domain of other possible associations; ‘unregulated’ professions and other self-employed workers can organise themselves in quite different ways, including the establishment of or affiliation to trade unions.

## Trade union representation

Trade unions traditionally organise self-employed workers in some quite specific professions characterised by high skills and significant autonomy in the performance of their work, such as journalists and performing artists. In these cases, usually a highly recognisable employer, such as a publisher or producer, hires self-employed workers on a temporary basis to provide a substantial input to a final product, in terms of writing articles and producing photographs for newspapers or playing characters in a movie. These self-employed workers typically work under the close supervision of the employer or of an employer’s agent. They are hired on standard employment contracts and trade unions essentially try to regulate such standard contracts.

Another sector with a high incidence of self-employed workers and where trade unions often have an established representation is construction. In transport, especially in road haulage, the situation is more mixed, but trade associations seem to prevail, even if there are recurrent debates on whether trade unions should more clearly try to organise (or involve) self-employed truck drivers alongside employees. In the other traditional sectors of the economy, such as agriculture and crafts, business organisations clearly prevail.

In addition to these types of workers, in recent years trade unions in a number of countries have tried to extend their representation to new groups of workers which are formally self-employed but have a less clear-cut professional identity. This is particularly the case where new types of employment contracts have been introduced in recent years in the context of labour market deregulation – or even with the aim of normalising formerly unregulated positions.

In few countries, self-employed workers seem to be substantially outside the scope of trade union representation and they do not represent a significant concern, as they are organised in very limited professional areas. This situation includes a small number of cases, particularly in central and eastern Europe. In Estonia, where self-employed workers are legally regarded as their own employers, the

Confederation of Estonian Trade Unions (Eesti Ametiühingute Keskkliit, EAKL) has so far provided only legal advice to these workers. In Hungary, trade unions only exceptionally organise those who are self-employed. An exception in this case is the Association of Trade Unions of Artists (Művészeti Szakszervezetek Szövetsége, MSZSZ), which represents self-employed workers in the media sector. In Lithuania, the only trade union reportedly representing self-employed workers is the Lithuanian Journalist Union (Lietuvos žurnalistų sąjunga, LŽS). The sectoral collective agreement, signed by LŽS and the Association of National, Regional and Urban Newspaper Publishers (Nacionalinė rajonų ir miestų laikraščių leidėjų asociacija, NRMLLA), covers also issues related to freelance journalists. In Malta, trade unions only marginally represent self-employed workers in very specific sectors, such as tourism – for instance, tourist guides. In Slovakia, no relevant presence of self-employed workers in trade union membership or representational domain is reported.

### Traditional unionised self-employed workers

Cultural and art workers are often organised in trade unions. In Austria, the Arts, Media, Sports and Liberal Professions Union (Gewerkschaft Kunst, Medien, Sport, Freie Berufe, KMSfB) also represents (permanent) freelance staff. In 1999, KMSfB and the Austrian Newspapers' Association (Verband Österreichischer Zeitungen, VÖZ) reached the first ever and so far only collective agreement covering a group of freelancers in Austria – the 'permanent freelance workers' (*ständige freie Mitarbeiter*). The agreement introduced rules on pay schemes, bonuses, copyright and the termination of employment contracts and the partial extension of works council representation to freelance staff. Similarly, a works agreement at the state Austrian Broadcasting Company (Österreichischer Rundfunk, ORF) granted freelance workers a set of rights, in terms of employment protection and co-determination, which comes close to that of standard employees.

In the Czech Republic, for instance, the Confederation of Art and Culture (Konfederace umění a kultury, KUK) organises workers on a professional basis. Even if no registration of the legal position of members is made, it is estimated that about half of the some 44,000 affiliated workers are self-employed. Similarly, the Actors' Association (Herecká asociace, HA) also organises self-employed workers. While proper collective bargaining is conducted only for employees, negotiations are at times also carried out on behalf of self-employed workers with single employers, although the accords are then not legally enforceable as collective agreements. An example of this kind is the agreement reached by KUK on the camera operator fees and copyright at the public broadcasting company. As for HA, in 2006, KUK reached an important deal with most of the dubbing studios on fees and some contractual details. In the same year, it also signed an agreement with the public television and radio studios on similar terms.

In Germany, besides the many trade associations that protect the interests of self-employed workers mainly on a professional basis, a number of trade unions organise self-employed workers as well as employees. The largest of these unions is the United Services Union (Vereinte Dienstleistungsgewerkschaft, ver.di), which is affiliated to the Confederation of German Trade Unions (Deutscher Gewerkschaftsbund, DGB). Ver.di is present in a wide range of service industries and, in 2006, some 30,000 of its 2.2 million members were self-employed. In particular, ver.di organises self-employed workers in the media and culture sectors through lower-level organisations such as the Association of German Writers (Verband deutscher Schriftsteller, VS), the association of German-speaking literature translators (Verband deutschsprachiger Übersetzer literarischer und wissenschaftlicher Werke, VdÜ), which is actually a member of VS, and the German Union of Journalists (Deutsche Journalistinnen- und Journalisten-Union, dju). In late 2000, ver.di set up a special service for

self-employed workers in the media sector, media fon, which offers a comprehensive set of advice and counselling services on matters such as contracts, fees, social security and legal issues. The service is geared towards ver.di members but non-members can also benefit from some of the services for a fee. The German Union of Education (Gewerkschaft Erziehung und Wissenschaft, GEW) is another trade union organisation affiliated to DGB with a number of self-employed members (some 2,000 out of a total of about 250,000 members), especially in the further education sector. The largest trade union for journalists – the German Federation of Journalists (Deutscher Journalisten-Verband, DJV) – is not affiliated to DGB. It has about 40,000 members in the whole media sector, of whom 15,000 are freelancers. Like ver.di, DJV provides a number of services especially geared towards freelance journalists.

In Germany, collective bargaining on behalf of self-employed workers rarely occurs, since antitrust regulation forbids such workers – recognised as companies – to agree on common prices and fees. However, Article 12a of the German Collective Agreement Act (*Tarifvertragsgesetz*) allows for the conclusion of collective agreements for self-employed workers who are legally considered to be ‘similar to employees’ on grounds of their ‘economic dependence’, when more than 50% of their income – or 30% in the media sector – derives from contracts with a single client or employer. On this basis, a number of single-employer collective agreements exist with many broadcasting companies on compensation for self-employed workers. Moreover, the collective agreement for daily newspapers, concluded by DJV with the Federation of German Newspaper Publishers (Bundesverband Deutscher Zeitungsverleger, BDZV) and several regional publisher associations, covers freelance journalists and photographers and defines collectively agreed rates for articles and pictures provided by self-employed workers.

Other forms of negotiations, which do not amount to collective bargaining, have been developed with reference to the copyright regulation, since a 2002 amendment of the Copyright Act (*Urheberrechtsgesetz*, UrhG), which was supported by the trade unions, requires employers and clients to pay appropriate remuneration (*angemessene Vergütung*). This has led to an agreement between ver.di and nine major publishers which was reached after the mediation of the Federal Ministry of Justice (Bundesministerium der Justiz, BMJ) and introduced, in 2005, some common rules on the remuneration of writers. Similar negotiations in the film industry and newspaper sector have so far not led to any agreement. Other attempts to negotiate conditions for self-employed workers were reported in the further education sector, where ver.di is trying to reach agreements at regional level covering freelancers who work in adult education centres (*Volkshochschulen*).

In Denmark, freelancers, that is self-employed workers who, according to tax legislation, receive a fee for their work, can be members of trade unions. This involves mainly art and culture workers, but also IT professionals. Unions for freelancers in the art and culture sectors negotiate collective agreements with employer associations or single employers, typically on minimum and standard fees as well as on standard contracts. Unions of this kind include the Danish Artists’ Union (Dansk Artist Forbund, DAF), the Danish Actors’ Association (Dansk Skuespillerforbund, DSF), the Danish Playwrights’ and Screenwriters’ Guild (Danske Dramatikere, DDF), the Film and TV-workers Association (Film- og TV-Arbejderforeningen, FAF), the Association of Danish Stage Directors (Foreningen af Danske Sceneinstruktører, FDS), the Association of Danish Scenographers (Sammenslutningen af Danske Scenografer, SDS), the Danish Composers’ Association (Dansk Komponistforening, DKF), the Danish Society for Jazz, Rock and Folk Composers (Danske Sangskrivere og Komponister, DJBFA), the Danish



Songwriters Guild (Danske Populærautorer, DPA), the Danish Musicians' Union (Dansk Musiker Forbund, DMF), and the Danish Journalists' Union (Dansk Journalistforbund, DJ).

All of these trade unions usually organise both employees and freelancers and sign collective agreements with relevant parties, such as Radio Denmark (DR), which has agreements with DAF, DJ, DMF, FDS and SDS; the Association of Producers (Producentforeningen, PROF), which concluded agreements with DAF, DDF, DJBFA, DKF, FAF, FDS and DPA; the Association of Fiction Film Producers (Foreningen af Danske Spillefilmsproducenter), which has a collective agreement with DDF; the Association of Children's Theatres (Børneteatersammenslutningen, BTS), which signed deals with FDS and SDS; the Association of Small Theatres (Foreningen af Små Teatre, FAST), which signed agreements with FDS and SDS; and, as mentioned previously, individual employers, such as theatres, newspapers and TV stations. Moreover, these trade unions are covered by union-managed unemployment insurance funds, according to the so-called 'Ghent system', whereby unemployment benefits are administered through the unions. Union density is estimated to be very high in these professional groups, in line with the Danish tradition of strong unionisation. For instance, the density rate for freelance journalists is estimated at some 60%, while actors are thought to have a unionisation rate of at least 95%.

In Finland, the union statutes usually allow self-employed workers to become members, but they tend to exclude participation in the unemployment funds. Only recently, trade unions have started to accept self-employed workers as members of their unemployment funds to a significant, though still limited, extent. For instance, self-employed workers are members of the Confederation of Unions for Professionals (Akateemisten Toimihenkilöiden Keskusjärjestö, AKAVA), which has a total of 20,000 members who are self-employed, which corresponds to about 4% of its overall membership; the Confederation of Salaried Employees (Toimihenkilökeskusjärjestö, STTK), which has about 12,000 self-employed workers as members amounting to 2% of total membership; and the Central Organisation of Finnish Trade Unions (Suomen Ammattiliittojen Keskusjärjestö, SAK) represents around 8,000 self-employed workers comprising 0.7% of total membership. Particularly active in this field is the Service Union United (Palvelualojen Ammattiliitto, PAM), which officially encourages membership among self-employed workers, since it considers that these workers have similar problems and interests as employees. PAM has some 4,000 self-employed workers among its over 200,000 members, most of whom work as barbers or cleaners.

In France, some trade unions organise self-employed workers or 'independent professionals' who are assimilated by the Labour Code as employees: this is the case, for instance, for freelance journalists (so-called '*pigistes*'), but also artists and fashion models. The situation of self-employed truck drivers has also been long regarded as deserving trade union attention.

In Ireland, self-employed workers are represented by trade unions especially in building and construction and in arts and media. This is the case, for instance, of Ireland's largest trade union, the Services, Industrial, Professional and Technical Union (SIPTU) and the Building and Allied Trades' Union (BATU), which organise self-employed workers in the construction sector. The National Union of Journalists (NUJ) and the Communication Workers Union (CWU) have also self-employed workers as members. The filmmaking and performing arts sectors have unions that organise self-employed workers, such as the Irish Actors' Equity and the Musicians' Union of Ireland, both affiliated to SIPTU. All of these trade unions negotiate collective agreements at national and workplace levels. However, it has become difficult to include self-employed workers in collective bargaining, due to competition law

which considers any collective agreement on prices or tariffs as anti-competitive practice. For instance, in the late 1990s, the National Newspapers of Ireland (NNI), representing newspaper employers outside the capital city Dublin, pulled out of a long-standing pay rates agreement it had with the NUJ, which set minimum rates for freelance journalists and photographers, because it feared heavy fines if this case had been taken before the Competition Authority. Similar cases arose for actors and musicians.

Italian trade unions are strongly involved in representing some groups of self-employed workers, and especially those who can be regarded as 'economically dependent workers' (see below for more details). However, the Independent Commerce and Service Workers' Union (Coordinamento lavoratori autonomi commercio e servizi, Clacs), affiliated to the Italian Confederation of Workers' Trade Unions (Confederazione italiana sindacati dei lavoratori, Cisl), has a more general representational domain and coordinates numerous associations which protect forms of non-dependent employment in various and more traditional sectors – for example, arts and culture, music and entertainment, insurance, financial operators, driving schools, petrol stations, commercial distributors, newsagents and tobacconists, call centres, security personnel, tourism operators and street traders.

In Norway, two kinds of trade unions include self-employed workers in their membership. On the one hand, professional trade unions – mostly affiliated to the Federation of Norwegian Professional Associations (Akademikerne) – often organise both employees and self-employed workers, like doctors, dentists, veterinarians and lawyers. A number of professional unions in the health sector negotiate with the government the standard fees that the National Health System pays to self-employed professionals per patient and treatment. On the other hand, trade unions in the media and performing arts sectors also cover freelance workers, for whom they usually bargain standard contracts and fees, even if they are sometimes only recommendations rather than binding agreements.

In Romania, trade unions representing self-employed workers include the Union of Fine Arts Artists (Uniunea Artiștilor Plastici din România, UAPR), the Writers' Union (Uniunea Scriitorilor din România, USR), the Professionals Journalists' Union (Uniunea Ziaristilor Profesioniști din România, UZR) and the Composers and Musicians' Union (Uniunea Compozitorilor și Muzicologilor din România, UCMR).

In Slovenia, some trade unions, notably in the media, arts and service sectors, have self-employed members. These include the Trade Union of Culture of Slovenia (Sindikat kulture Slovenije, GLOSA), which set up a special Union Conference of Freelance Workers in Culture and Media (Sindikalna konferenca samostojnih ustvarjalcev na področju kulture in informiranja, SUKI), the Trade Union of Musicians, the Trade Union of Sports Workers (Sindikat športnikov Slovenije, SŠS), the Slovenian Union of Journalists (Sindikat novinarjev Slovenije, SNS), the Association of Scientific and Technical Translators of Slovenia (Društvo znanstvenih in tehniških prevajalcev Slovenije, DZTPS) and the Slovenian Association of Literary Translators (Društvo slovenskih književnih prevajalcev, DSKP). Trade unions, particularly GLOSA, SŠS and SNS are trying to include self-employed workers' issues in collective bargaining but are facing strong opposition from employers and receiving only limited support from the government. Thus, to date, significant achievements in this regard have not been reached.

In the UK, trade union representation of self-employed workers is concentrated in sectors with a high proportion of these workers in the workforce, who often share many interests and work in very similar conditions as employees. Such sectors include construction, filmmaking, broadcasting and performing

arts, as well as press and media. The trade unions mostly involved in this kind of representation are therefore the Union of Construction, Allied Trades and Technicians (UCATT), the Broadcasting Entertainment Cinematograph and Theatre Union (BECTU), Equity which represents professional performers and workers from all entertainment, creative and cultural industries and NUJ. While UCATT has been particularly active in contrasting bogus self-employment and representing members at employment tribunals to gain rights to employment protection, the other trade unions are more concerned with representing and protecting the interests of freelancers, as in the newspapers and magazine industry. In cultural sectors, BECTU and Equity could negotiate single-employer collective agreements covering freelancers.

In certain cases, the presence of self-employed workers can be important in specific organisational arrangements, often regarded as traditional and close to dependent employment, such as homeworking. For instance, in Bulgaria, the Home-based Workers' Association (HBWA) organises a small number – some 3,500 – of the estimated 500,000 home workers (half of whom are thought to operate in the informal economy). The association includes very different situations and legal positions, such as family business workers, self-employed workers and people working at home for specific employers. A few years ago, talks emerged about the possible affiliation of HBWA to the Confederation of Independent Trade Unions in Bulgaria (Конфедерация на независимите синдикати в България, СИТУВ), with special reference to home workers with formal contracts. However, these talks were abandoned and HBWA is now a member of one of the six nationally represented employer organisations – the Confederation of the Employers and Industrialists in Bulgaria (Конфедерация на Работодателите и Индустириалците в България, CEIBG).

### Recent trade union initiatives

In Austria, 'free service workers' and 'new self-employed' workers are organised mainly through the Union of Salaried Employees, Graphical Workers and Journalists (Gewerkschaft der Privatangestellten, Druck, Journalismus, Papier, GPA-DJP), the largest affiliate of the Austrian Trade Union Federation (Österreichischer Gewerkschaftsbund, ÖGB). In particular, GPA-DJP has launched in recent years an effort to increase its membership among atypical workers, including self-employed workers. For this purpose, it set up a special 'interest community' (*Interessengemeinschaft*) called work@flex. Work@flex supplements existing sectoral representation structures with the aim of expanding the specific interests of atypical workers. So far, it is estimated that only 1%–2% of 'dependent' self-employed workers have joined work@flex, which currently has a few hundred members.

Other trade unions involved in the representation of self-employed workers are to be found in the private adult education and training sector – one of the few sectors exempted from the mandatory representation by WKO. In February 2005, the first ever sectoral collective agreement was signed by a voluntary employer organisation and two unions – the then white-collar Union of Salaried Employees (*Gewerkschaft der Privatangestellten*, GPA) and the then blue-collar Commerce, Transport and Traffic Workers' Union (*Gewerkschaft Handel, Transport, Verkehr*, HTV), now *vida*. The deal included a commitment to continue negotiations with a view to introducing specific provisions to improve the working conditions of the many self-employed workers who are active in the sector but remain outside the reach of collective agreements. However, such negotiations have so far not resulted in any agreements and no further developments seem to be likely in the short and medium term.

Similar attempts have been undertaken in the call centre industry, where some 30% of workers are believed to be on free service contracts. In 2006, talks began between WKO and GPA-DJP in order to

fight 'bogus self-employment' and define clear rules to discriminate between employees and free service contract workers. Moreover, GDP-DJP also aimed to introduce stricter rules on pay and working hours for atypical workers, possibly within the framework of a new special sectoral collective agreement for call centres. In August 2006, negotiations seemed to be close to conclusion. However, the opposition of a number of employers, who threatened to offshore some 10,000 jobs, brought talks to a standstill and the issue still remains unresolved.

In Belgium, representation of self-employed workers is essentially organised within the private sector. However, the largest white-collar union – the National Federation of White-Collar Workers (LBC-NVK) decided at its latest congress in 2006 to set up a specific union activity geared towards freelancers, in a similar way as this happened in Austria.

In addition to the more traditional trade unions organise self-employed workers in Denmark, the Union of Commercial and Clerical Employees in Denmark (Handels- og Kontorfunktionærernes Forbund, HK), the second largest union in Denmark and a member of the Danish Confederation of Trade Unions (Landsorganisationen i Danmark, LO) which organises white-collar workers, set up a section aiming to represent freelancers, HK/Freelancer. The main objective of this initiative is to organise workers in IT, graphic design, design and administrative jobs that were substantially involved in outsourcing processes since the late 1980s. Most of the members of HK/Freelancer are women who work in the media and publishing sectors or as correspondents and translators. The organisation essentially offers services and support to its members and does not engage in collective bargaining. HK/Freelancer has some 2,500 members, but it is not possible to estimate a density rate, since the number of potential members is unknown.

In Spain, the major trade unions, the Confederation of Workers' Commissions (Confederación Sindical de Comisiones Obreras, CCOO) and the General Union of Workers (Unión General de Trabajadores, UGT) organise self-employed workers, although in different forms. In the 1980s, UGT abandoned a strict 'class-based' representation in favour of a more pluralistic approach and later established a union especially devoted to self-employed workers – the Union of Professionals and self-employed Workers (Unión de Profesionales y Trabajadores Autónomos, UPTA). UPTA has supported for a long time the introduction of a Self-Employed Workers' Statute to complement the regulation of dependent employment. CCOO, instead, has never shared the idea of a self-employed statute, maintaining that many self-employed workers can be properly regarded as employers. The main objectives for CCOO are to identify economically dependent workers as opposed to employers and entrepreneurs and ensure forms of representation of the former group's interests. For this purpose, CCOO does not envisage the direct affiliation or the establishment of proper trade unions for self-employed workers. However, it promotes or supports the creation of regional associations for self-employed workers (without employees), like the Association of Dependent Self-employed of Castilla and León (Asociación de Trabajadores Autónomos Dependientes de Castilla y León, TRADECYL).

UPTA together with the major employer associations representing self-employed workers, the Self-employed Workers' Association (Asociación de Trabajadores Autónomos, ATA) and the Spanish Federation of Self-Employed Workers (Federación Española de Autónomos, CEAT), negotiated with the government the text of the Self-Employed Workers' Statute, which was eventually passed as Law 20 of 11 July 2007. The statute introduced significant innovations for self-employed workers and especially for economically dependent workers, including the possibility to conclude so-called

'agreements of professional interest'. The statute is expected to foster collective representation of self-employed workers and the development of collective bargaining for economically dependent workers. Moreover, the statute also envisages the establishment of the Council of Autonomous Work, which will have a consultation role at state level, with the integration of regional representatives. Similar councils can also be created at local level within the country's autonomous communities (*comunidades autónomas*). So far, the council has not started to operate yet and it is expected that it will be active by late spring 2009.

A highly debated issue in France is whether unions should also cover professionals working for '*portage salarial*' or umbrella companies, which provide an organisational setting and a number of administration services for self-employed workers especially in the consultancy and training sectors. Such companies, which became a significant phenomenon in the 1990s, provide self-employed workers with the support granted by a large organisation while retaining their full autonomy as far as their work is concerned. In recent years, at least 10 company collective agreements have been signed providing associate professionals with a status similar to that of employees, especially as far as the minimum sectoral wage is concerned. For instance, in 2004, ITG, a leading company in the umbrella company system, reached an agreement with the French Democratic Confederation of Labour (Confédération française démocratique du travail, CFDT) which ensures the minimum sectoral monthly salary for all professionals and provides one to three paid days a month for new customer developments.

In 2006, the National Association of Umbrella Companies (Syndicat National des Entreprises de Portage Salarial, SNEPS) and three trade unions in the consultancy sector set up a Joint Observatory on the umbrella company system – the trade unions involved included the CFDT-affiliated Communications, Consulting and Cultural Workers' Federation (Fédération Communication, Conseil, Culture CFDT, F3C-CFDT), the Federation of Computer Service, Research, Consulting and Engineering Company Professional and Managerial Staff (Fédération du personnel d'encadrement des sociétés de services en informatique, d'étude, du conseil et d'ingénierie, FIECI), affiliated to the French Confederation of Professional and Managerial Staff – General Confederation of Professional and Managerial Staff (Confédération française de l'encadrement – Confédération générale des cadres, CFE-CGC), and the General Union of Managerial and Professional Staff (Union Générale des Ingénieurs, Cadres et Assimilés, UGICA), affiliated to the French Christian Workers' Confederation (Confédération française des travailleurs chrétiens, CFTC). The recent Labour Code reform of June 2008 has introduced a dependent employment regime for workers of umbrella companies. This new situation, while it contributes to solving disputes on the legal nature of umbrella companies, it may support the further development of collective relations in this sector.

In Greece, trade union membership among self-employed workers is quite rare. However, in recent times, trade unions have been focusing more on the issue of economically dependent workers or rather 'bogus self-employment', with a view to terminating irregular practices whereby formally self-employed workers work in practice in a position of subordination. Active in this field of activity is the Greek Union of Technical Employees (Σύλλογος Τεχνικών Υπαλλήλων Ελλάδος, STYE): it brought a case before the Mediation and Arbitration Service (Οργανισμός Μεσολάβησης & Διαιτησίας, OMED), which led to an important arbitration decision on the criteria to identify bogus self-employment (GR0707059I). In this sense, the Greek General Confederation of Labour (Γενική Συνομοσπονδία Εργατών Ελλάδας, GSEE) maintains that the protections provided by labour legislation should be extended to self-employed workers falling within the grey zone between dependent employment and self-employment.

The three main Italian trade union confederations – the General Confederation of Italian Workers (Confederazione generale italiana del lavoro, Cgil), Cisl, and the Union of Italian Workers (Unione italiana del lavoro, Uil) – have created, in 1998, special structures aiming to represent atypical workers, including self-employed workers with employer-coordinated freelance contracts. For instance, Cgil and Cisl have respectively founded the Union for Atypical Workers (Nuove identità di lavoro, Nidil-Cgil) and the Association of Atypical and Temporary Agency Workers (Associazione lavoratori atipici e interinali, Alai-Cisl), while Uil has assigned representation of atypical workers to the Committee for the Employment of Atypical Workers (Coordinamento per l'occupazione dei lavoratori atipici, Cpo-Uil), which initially represented and provided services to unemployed workers and persons with 'socially useful jobs'; see also the Italian contribution to the EIRO study on *'Economically dependent workers', employment law and industrial relations*). Since their establishment, these trade unions have demanded specific protections for employer-coordinated freelance workers and the recognition of a status close to that of employees, especially in terms of social security and employment protection. Recent legislative developments have introduced important modifications of rules on employer-coordinated freelance work which have opened the way to conversions into open-ended contracts, in particular in call centres. Such conversions have usually taken place through collective agreements, which include those signed by Nidil-Cgil, Alai-Cisl and Cpo-Uil with various companies operating in the call centre sector: for example, the Almoviva group, Call&Call (Lombardy), In&Out (Rome), Televoice (Lombardy), Media Call and Com.net (Lombardy).

In the Netherlands, some associations within the trade union movement have been established to represent self-employed workers: FNV Zelfstandigen and CNV Zelfstandigen. They provide services to members, especially consultancy on contractual and legal matters, and act as pressure groups.

### Employer representation

In most cases, self-employed workers are regarded as entrepreneurs and (potential) employers. Their typical collective representation is therefore to be found within the boundaries of business associations, sometimes with a general interest representation role with regard to public authorities and without specific employer representation functions. This latter situation is typical of the associations of liberal professionals, while proper employer associations are present in certain sectors where self-employment is more widespread, at least in some countries: for example, agriculture, crafts and retail trade.

A feature of this kind of representation is the almost exclusive attention to the entrepreneurial aspects of the role of self-employed workers, while the issues of personal work are almost always neglected. Only limited reference to competence building and training by business organisations were included in the national reports to this study and especially for Members States that have recently joined the EU and where the social partners believe a lack of entrepreneurship and managerial skills exists. Even less present was the issue of health and safety and sometimes with a view to obtaining less strict rules than for employees, for instance on working time. Moreover, it should be noted that practically no business representation exists as such for self-employed workers as own-account workers without employees. Rather, they have essentially to refer to professional associations, small and medium-sized enterprises (SMEs) or general employer associations, as well as to public representation bodies, such as the Chambers of Commerce. With these possibly obvious notations, a brief overview of collective business representation of self-employed workers is presented below.

In Austria, as mentioned above, all self-employed workers with a trade licence are covered by the mandatory representation of WKO, with the exception of a few sectors, including the print and media industry and the adult education and training sector. A similar well-established system of representation is present in Belgium, where national-level institutions play a significant role both in the political and industrial relations arenas. A key interest representation role of self-employed workers as entrepreneurs is assigned to the High Council for Self-employed Workers and SMEs (Hoge Raad voor de Zelfstandigen en de KMO/Conseil Supérieur des Indépendants et des PME, HRZKMO/CSIPME), which is a public advisory body at federal level. The High Council can formulate policy advice and represent the interests of self-employed workers and small enterprises in its relations with the government and notably with the ministries responsible for SME policies. The government can ask for the High Council's advice, but the latter can also initiate action autonomously. The High Council recognises some 140 trade associations, which either refer to specific sectors (such as construction, agriculture, street trading, hotels, catering and tourism, transport, technology and personal care) or professional groups (like legal and business professions, medical and paramedical professions and technical occupations). These trade associations are typically affiliated to intersectoral associations. The High Council is represented in the Central Council of Economic Life (Centrale raad voor het Bedrijfsleven/Conseil Central de l'Économie, CRB/CCE), which is the highest consultation body for social and economic affairs in Belgium. Moreover, the High Council has a crucial role to play in the regulation of access to many professions and sometimes in the definition of minimum rules or guidelines on price setting. Similar self-regulatory activities are carried out by some of the lower-level professional associations.

In Bulgaria, since 2002, craftspeople operating as self-employed workers must be members of the regional skilled crafts chambers, which are affiliated to the National Chamber of Skilled Crafts (Национална занаятчийска камара, NCSC). These chambers do not have collective bargaining rights but mainly act as interest representation bodies and provide services for the associated businesses. In the field of vocational training, they maintain significant relations with the trade unions.

In Denmark, self-employed workers without employees are usually members of trade associations, rather than employer organisations. The main representative organisation in this regard is the Danish Federation of Small and Medium-Sized Enterprises (Håndværksrådet, HVR), whose principal objective is to improve the business conditions for Danish SMEs. HVR organises SMEs and self-employed workers in all sectors and does not engage in collective bargaining.

In Estonia, self-employed workers are not members of the Estonian Employers' Confederation (Eesti Tööandjate Keskkliit). Rather, they can join the Estonian Association of SMEs (Eesti Väike- ja Keskmiste Ettevõtete Assotsiatsioon, EVEA), which supports the interests of SMEs, but does not carry out collective bargaining activities. EVEA has never started an initiative specifically focused on self-employed workers without employees. Some 7.5% of its 174 members are self-employed. These workers can also be members of other employer associations, like in the agriculture sector, but no specific information is available.

In Spain, besides their representation within the trade union movement, self-employed workers are also present, through CEAT, in the major employer association, the Spanish Confederation of Employers' Organisations (Confederación Española de Organizaciones Empresariales, CEOE). In particular, CEAT opposes the assimilation of self-employed workers as employees, including in the case of economically dependent workers, and argues that these workers should be considered as entrepreneurs in all respects.

Independent associations of self-employed workers also exist, the main one being ATA. Both CEAT and ATA participated in the negotiations on the Self-Employed Workers Statute (see above). These associations and those on the employer side basically operate as pressure groups at state and local levels in order to influence policymaking in all areas of interest for self-employed workers, including training and health and safety issues.

In Finland, self-employed workers are mostly organised as entrepreneurs in the Federation of Finnish Enterprises (Suomen Yrittäjät), the largest SME trade association with some 98,000 member companies of all sizes, organising 48,000 self-employed workers without employees. The federation and its associated sectoral or regional associations actively engage in lobbying activities to further the interests of SMEs. For instance, they have strongly supported the introduction of 'starting grants' for start-up businesses. Furthermore, Finnish Transport and Logistics (Suomen Kuljetus ja Logistiikka, SKAL), a sectoral trade association affiliated to the Federation of Finnish Enterprises, which has 7,400 self-employed drivers among its membership, has strongly criticised the application of EU working time regulations to self-employed drivers. In this regard, SKAL has successfully demanded exceptions for self-employed drivers in northern Finland.

In Greece, self-employed workers are basically organised through either the system of Chambers of Commerce and Industry (or the Professional Chambers in Athens, Piraeus and Thessaloniki) or the specific associations of liberal professionals (such as doctors and lawyers). Both of these channels comprise public bodies which have consultation and self-organising roles and usually act as pressure groups to further the interests of the associated parties. Self-employed workers can also be members of employers associations, such as the National Confederation of Greek Traders (Εθνική Συνομοσπονδία Ελληνικού Εμπορίου, ESEE) and the General Confederation of Greek Small Businesses and Trades (Γενική Συνομοσπονδία Επαγγελματιών Βιοτεχνών Εμπόρων Ελλάδας, GSEVEE).

In Hungary, self-employed workers are mostly represented by business organisations. Besides membership of economic chambers, which is no longer compulsory since 2000, and of professional associations or chambers (in the case of physicians, pharmacologists, lawyers, journalists and architects), which are mandatory for certain occupations, they can join employer associations, especially those specialising in micro-enterprises: the National Federation of Craftsmen Boards (Ipartestületek Országos Szövetsége, IPOSZ), which represents about 100,000 SMEs, and the National Federation of Traders and Caterers (Kereskedők és Vendéglátók Országos Érdekképviseleti Szövetsége, KISOSZ), whose membership includes some 10% of self-employed workers in Hungary and 20% of small shopkeepers. The interests of self-employed workers are then represented at all levels of action of employer organisations, including tripartite negotiations, but they are typically subsumed within the representation of SMEs and do not receive special attention. Of course, professional associations, instead, act as pressure groups for the protection and support of their particular occupations.

In Italy, many employer organisations cater for the interests of self-employed workers, who interestingly represent one quarter of all employed people. The employer organisations include mainly those organising workers in SMEs, trades and crafts: the Italian Confederation of Small and Medium-Sized Enterprises (Confederazione italiana della piccola e media industria privata, Confapi); the General Italian Confederation of Commerce, Tourism, Services, Professions and SMEs (Confederazione generale del commercio, del turismo, dei servizi, delle professioni e delle PMI, Confcommercio); the General Confederation of Crafts and Enterprises (Confederazione Generale dell'Artigianato e delle Imprese,



Confartigianato); the National Confederation of Crafts and Small and Medium-sized Enterprises (Confederazione nazionale dell'artigianato e della piccola e media impresa, Cna), which also set up a special section to represent 'professional freelancers' – Cna-in proprio.

In Lithuania, a number of sectoral and professional trade associations organise self-employed workers, especially in agriculture, crafts and tourism.

In Luxembourg, self-employed workers are represented by the Chamber of Trades (Chambre des Métiers), whose membership is mandatory. Moreover, they are organised by professional associations, which are for the most part affiliated to the Federation of Craft Workers (Fédération des Artisans). These associations represent the interests of member companies notably in their relations with the public authorities.

The main self-employed workers representation in Malta is by the Malta Chamber of Small and Medium-sized Enterprises (GRTU). Some of its most recent demands relate to the taxation system, education programmes and training to foster entrepreneurship among young people, and the demand to reduce the bureaucratic burden on companies.

In the Netherlands, trade associations organise self-employed workers, including the Platform for Self-Employed Workers (Platform Zelfstandige Ondernemers, PZO) within the Confederation of Netherlands Industries and Employers (Vereniging van Nederlandse Ondernemingen-Nederlands Christelijk Werkgeversverbond, VNO-NCW) and VERN in the transport sector.

In Norway, business representation of self-employed workers is mostly present in the primary (agriculture) and the services sectors, where trade associations represent the interests of members in their relations with public authorities. For instance, farmer associations periodically negotiate with the government on the amount of state transfers.

In Romania, several professional associations and a number of trade associations exist, especially in the agriculture sector. However, the issue of self-employment does not included in their agendas.

In Sweden, self-employed workers are represented by employer organisations and mainly by trade associations that cover specifically SMEs, such as the Federation of Private Enterprises (Företagarna) and the Swedish Association of Free Entrepreneurs (Företagarförbundet).

In Slovenia, craftworkers are represented by the Chamber of Craft and Small Businesses of Slovenia (Obrtno-podjetniška zbornica Slovenije, OZS) and farmers by the Agriculture and Forest Chamber of Slovenia (Kmetijsko-gozdarska zbornica Slovenije, KGZS). Membership of both of these organisations is mandatory. Moreover, there are also a number of trade associations, like the Farmers Trade Union of Slovenia (Sindikar Kmetov Slovenije, SKS), or professional chambers and associations (membership of which may be compulsory in certain cases, in order to work in a specific occupation), such as the Chamber of Notary (Notarska zbornica Slovenije, NZS) and the Slovene Bar Association (Odvetniška zbornica Slovenije).

In Slovakia, representation of self-employed workers is mainly carried out by the Slovak Craft Industry Federation (Slovenský živnostenský zväz, SZZ), which organises crafts and SMEs. SZZ is member of

the Federation of Employers' Associations of the Slovak Republic (Asociácia zamestnávateľských zväzov a združení Slovenskej republiky, AZZZ SR), which represents SŽZ in the tripartite Economic and Social Council (Hospodárska a sociálna rada, HSR). SŽZ advocates measures to foster entrepreneurship and support SMES through provision of training, reducing administrative and bureaucratic burdens on companies and improvement of credit accessibility.



# Employment and working conditions of self-employed workers

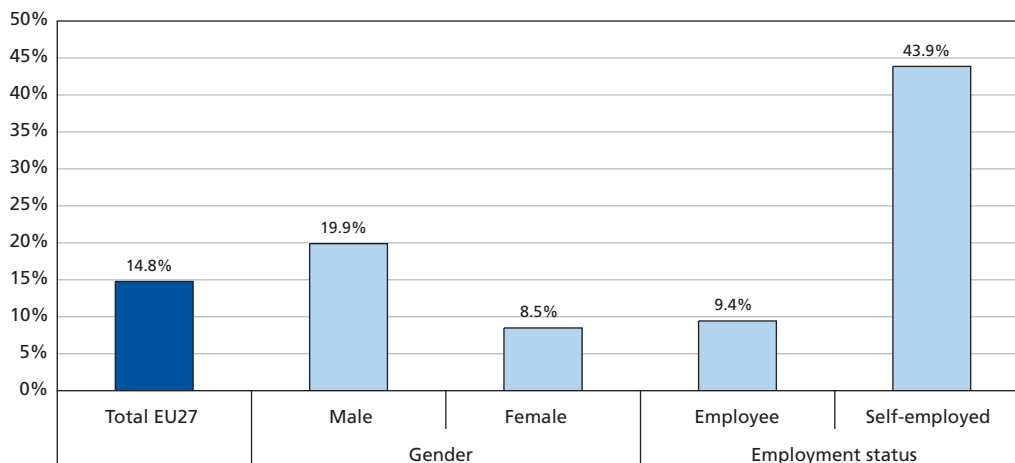
In almost all of the countries covered in this study, self-employment is a contradictory phenomenon, in which the emergence of ‘new’ occupations, sometimes fostered by the widespread use of ICT, are flanked by the persistent importance of traditional ones. Consequently, employment and working conditions differ greatly according to the forms of self-employment, but also in accordance with the institutional, economic and social contexts in which such work is performed. Also for these reasons, surveys and qualitative studies mentioned by the study’s national correspondents usually refer to a very diverse range of self-employment jobs. Moreover, these studies often refer to different years and do not cover the same economic sectors.

This chapter provides a general overview on the employment and working conditions of self-employed workers, mainly referring to the Fourth European Working Conditions Survey (EWCS). The survey examined the extent of self-employment across Europe, looking in detail at persons who are self-employed on their own, and those who are self-employed with employees. In addition, surveys and qualitative studies on self-employment, mentioned in the national reports to this study, will provide useful data and information to focus the analysis on specific aspects characterising self-employment in the different national contexts.

## Working time

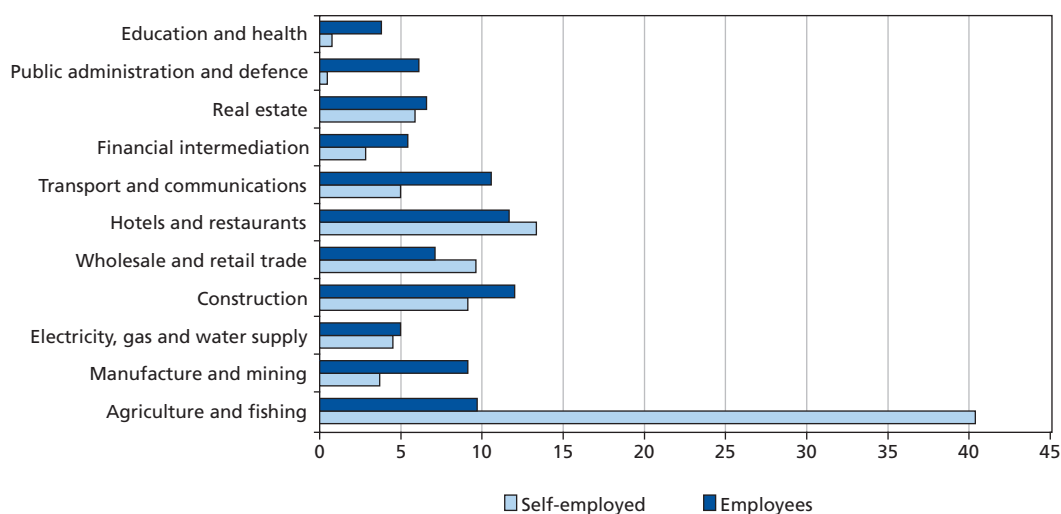
In general, for both employees and self-employed workers, eastern and southern European countries show the longest weekly working hours, while the central and northern European countries – including Ireland and the UK – have the shortest working time. At the same time, in southern and eastern European countries a higher incidence of long working weeks prevails. Working time for self-employed workers tends to be much more uncertain and less structured than that of employees. Moreover, self-employment is usually characterised by an unclear demarcation between working time and non-working time. The fourth EWCS showed that, in 2005, long working hours – more than 48 hours a week – affected self-employed workers to a greater extent than employees. In fact, long working hours are particularly widespread in the sectors where self-employment is more common – agriculture, hotels and restaurants and construction (Figures 4, 5 and 6).

**Figure 4: Long working hours (over 48 hours a week), by gender and employment status, EU27 (%)**



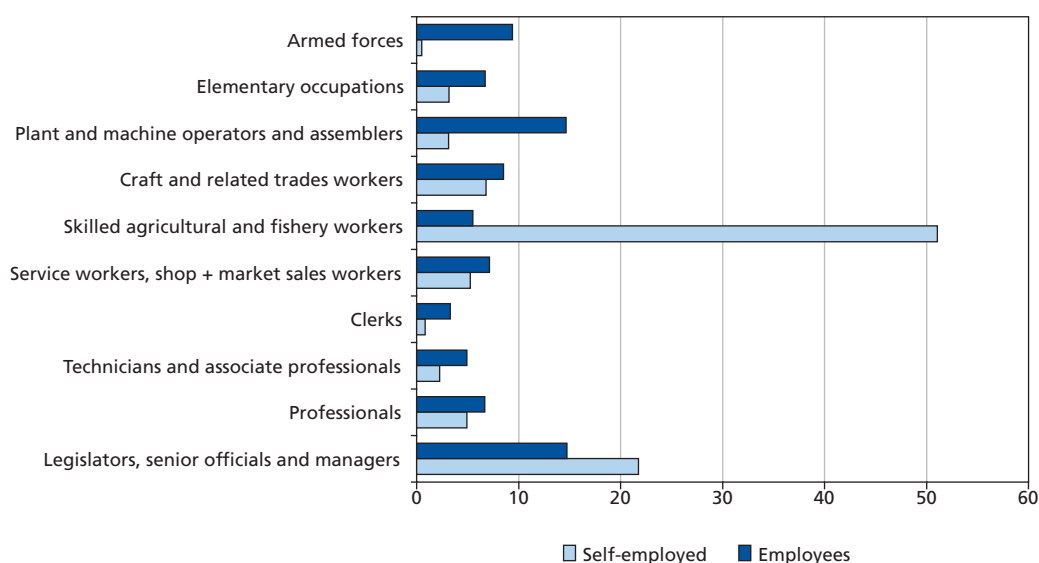
Source: Parent-Thirion et al, *Fourth European Working Conditions Survey (EWCS)*, 2007

**Figure 5: Long working hours, by sector of activity, EU27 (%)**



Source: EWCS, 2007

**Figure 6: Long working hours, by occupation, EU27 (%)**



Source: EWCS, 2007

According to studies carried out in the majority of the countries covered by this research, self-employed workers work more often than employees during atypical hours – evening, night, Saturday and Sunday; thus, the increasing diversification of working hours, which has characterised the European economic context in recent years, seems to affect more self-employed workers than employees.

Several studies confirm these tendencies. For instance, in Germany, according to the 2005 microcensus, published by the Federal Statistical Office (Statistisches Bundesamt, Destatis), the average weekly hours worked by all self-employed workers was 46 hours compared with 34.5 hours a week worked by employees. In addition, while 78% of self-employed workers worked 40 hours and more a week, only 44% of employees worked the same amount of hours. In France, in 2006, self-employed workers worked

longer weekly hours than those worked by employees in the same sectors; on average, across all sectors, working time amounted to 55 weekly hours among self-employed workers and 39 hours among employees. In Spain, according to the 2006 survey on the active population carried out by the National Statistics Institute (Instituto Nacional de Estadística, INE), self-employed workers without employees worked on average 5.8 hours more a week than all people employed – namely, 40.9 hours a week compared with 35.1 hours for the total workforce. In addition, self-employed workers worked more often long working hours than employees: 28.6% of self-employed workers worked, in 2006, more than 50 hours a week compared with 11.9% of employees. In Sweden, in 2006, the average number of weekly working hours was 29.5 for employees, while the corresponding figure for self-employed workers was 39.7 hours. Similarly, in Norway, self-employed workers without employees are characterised by a higher incidence of long working hours compared with the national average.

In the eastern European countries, self-employed workers also work more hours a week than employees: for instance, in the Czech Republic, in 2006, the national average working week was 41.7 hours, while self-employed workers worked on average 48 hours a week. Moreover, the latter workers worked more often during non-typical working hours compared with employees. Romania seems to be the only exception among the eastern European countries in this regard: in 2006, in all economic sectors, employees worked on average 41.6 hours a week, while Romanian self-employed workers worked 36.6 hours a week.

### Risks and accidents at work

Information on risks and accidents at work regarding self-employed workers is rather limited and is often based on small samples. In general, studies on this topic do not cover all economic sectors and were not developed in a homogeneous way in all of the countries under consideration.

The fourth EWCS showed that a strong correlation between working in specific occupations and sectors and exposure to physical risks: by occupation, in 2005, the most exposed groups were craft and related trades workers, plant and machine operators and skilled agricultural and fishery workers. In terms of sectors, the construction sector reported the highest level of exposure to each set of risks, with the agriculture and manufacturing sectors also reporting higher-than-average exposure. Consequently, the higher exposures to physical risks are reported in sectors (agriculture and construction) and occupations (crafts and related trades workers, as well as agricultural and fishery workers) in which self-employment is particularly important.

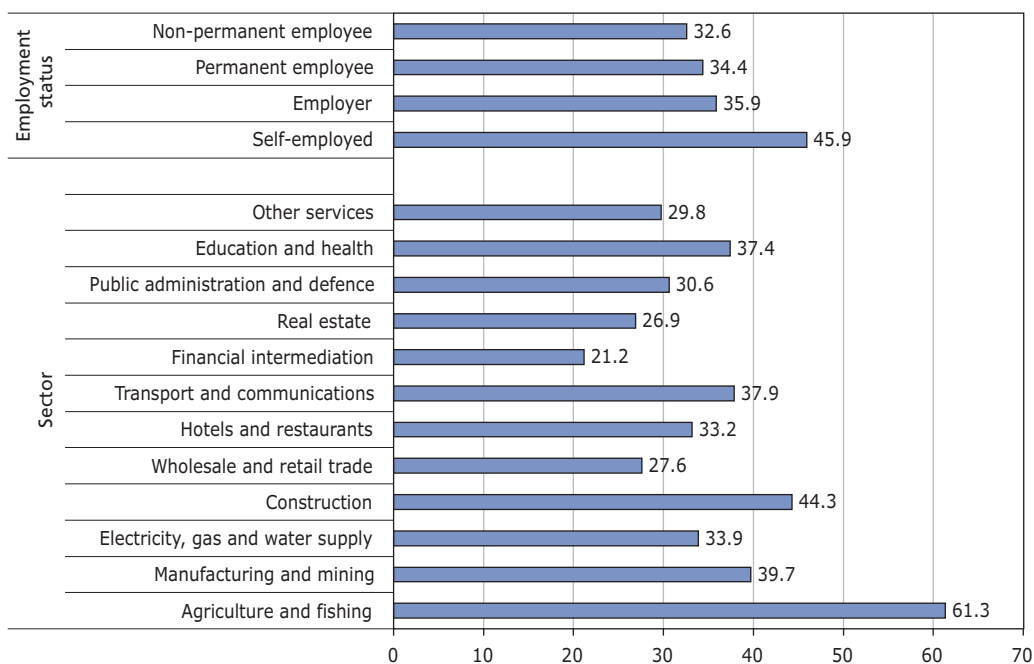
In the UK, in recent years, the Health and Safety Executive (HSE) has noticed in the agricultural sector a worrying trend in terms of accident statistics. Whereas within the agricultural sector the fatal accident rate among employees roughly halved during the period 1986–2001, the rate for self-employed workers and family farms was consistently higher and more than doubled.

In the Netherlands, according to the 2004 Work Situation Survey (*Arbeidssituatie Survey*, TAS) carried out by the Knowledge for Business Organisation (Kennis Voor Zaken, TNO), the exposure of self-employed workers to occupational accidents was twice as high as that for employees. This empirical evidence may be related to the fact that most part self-employed workers worked in the agricultural and construction sectors – two of the economic sectors in which the highest level of exposure to workplace risks is reported.

## Work-related health problems and occupational illnesses

The fourth EWCS showed that self-employed workers without employees reported in 2005 higher levels of work-related health problems (45%) than self-employed workers with employees (36%) or employees (average between permanent and non-permanent of 33%) (Figure 7).

**Figure 7: Impact of work on health, by sector and employment status, EU27 (%)**



Note: Respondents were asked to answer the following question: 'Does your work affect your health?'

Source: EWCS, 2007

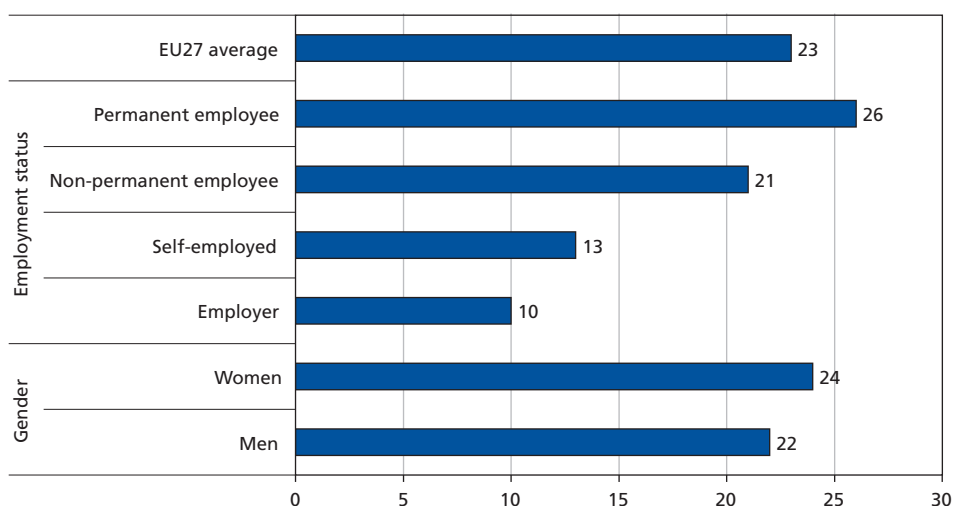
According to the EWCS, the most frequently reported symptoms were musculoskeletal disorders such as backache and muscular pains, followed by fatigue, stress, headaches and irritability.

A number of the national correspondents pointed out that no data were available on work-related health problems and occupational illnesses for self-employed workers without employees in Austria, Belgium, Bulgaria, the Czech Republic, Cyprus, Estonia, Finland, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Malta, Poland, Portugal, Romania and Slovakia.

In the UK, the HSE statistics showed that, in 2003, prevalence rates were higher among employees than self-employed workers for stress, depression or anxiety (1.4% of employees and 0.8% of self-employed), while the opposite was true for musculoskeletal disorders (1.9% of employees and 3% of self-employed workers). In the Netherlands, the differences in health outcomes seemed to be mainly linked to sectors and occupations than to employment status. In several countries, however, it is not an easy task to estimate the work-related health problems for self-employed workers without employees also because sickness insurance for this group of workers is often provided only on voluntary basis. For instance, in the Czech Republic, only 30% of self-employed workers participate, on a voluntary basis, in the sickness insurance fund and the only estimates on work-related health problems for self-employed workers are based on this quota of self-employment.

The voluntary nature of sickness insurance for self-employed workers is also an important factor that should be taken into account when health-related leave data are considered. Health-related leave is a complex phenomenon, dependent on many factors such as working conditions, the individual health of the workers and the different regulatory systems operating in each country. The fourth EWCS included questions on this issue. In particular, respondents were asked if they had taken health-related leave in the previous 12-month period and, if so, how many days they took, and how many of those days were on account of work-related health problems. Figure 8 presents data regarding health-related leave in 2005, broken down by gender and employment status. An average of 23% of workers across the EU27 reported taking time off work on account of health-related problems during the previous 12-month period, with slightly more women (24%) than men (22%) affected. With regard to self-employment, the relatively low number of health-related days of leave taken by self-employed workers in the previous 12 months may be linked, as already mentioned, to the different opportunities to access social security benefits (and to the direct responsibility for the work to be performed).

**Figure 8: Health-related leave, by gender and employment status, EU27 (%)**



Note: Figures apply to workers who took health-related leave over the previous 12 months.

Source: EWCS, 2007

## Work–life balance

Two of the principal factors influencing work-life balance are the volume of hours worked and the way in which working time is organised, both in terms of its regularity and also with reference to the ‘standard’ working schedule – that is, about 40 hours a week, working only weekdays. In general, the more hours a person works, the greater difficulty the person faces in reconciling work and non-working activities; at the same time, working non-standard hours and working long working days are associated with poorer levels of work–life satisfaction. In the case of self-employment, as mentioned previously, self-employed workers tend to work much longer hours than employees; at the same time, surveys conducted in several European countries showed that most self-employed workers expressed a good autonomy in determining their working time. According to the fourth EWCS, however, somehow surprisingly, those who declare to have most autonomy in organising their working time also express the highest dissatisfaction with how their working hours fit in with their family and social life. As a group, these respondents were, in 2005, the most ‘empowered’ in terms of working time discretion;



however, this independence is evidently more than counterbalanced by other factors – mainly an increased number of working hours. These results of the EWCS seem to point out that it is the volume of hours worked – rather than control over working time – that most influences satisfaction with work-life balance.

**Table 5: Number of days of health-related leave**

	Average no. of days taken by workers (all)	Average no. of days taken by workers who took at least one day of leave	Average no. of accident-related days taken by workers (all)	Average no. of other work-related days taken by workers (all)
<b>EU27 average</b>	4.6	20.2	0.4	1.8
<b>Men</b>	4.2	19.2	0.5	1.8
<b>Women</b>	5	21.3	0.4	1.7
<b>Self-employed workers</b>	2.8	21.2	0.3	1.4
<b>Permanent employees</b>	5.5	21.1	0.4	2.2
<b>One-person enterprises</b>	2.5	22.9	0.2	1.3
<b>Micro-enterprises (2–9 workers)</b>	3.2	19	0.5	1
<b>Small enterprises (10–49 workers)</b>	4.6	19	0.4	1.9
<b>Medium-sized enterprises (50–249 workers)</b>	5.6	19	0.5	2
<b>Large enterprises (250+ workers)</b>	7.4	24.3	0.7	3

*Note:* Table 5 presents data showing the average number of health-related days of leave taken by workers across the EU27, according to gender, employment status and company size.

*Source:* EWCS, 2007

The national correspondents underlined that it is very difficult to find data and information on work-life balance among self-employed workers without employees compared with the national average. In particular, no information on this topic was collected by the correspondents in Bulgaria, Finland, France, Germany, Greece, Latvia, Lithuania, Poland, Portugal, Romania and Sweden.

Some information is available on the presence and take-up rates of maternity and parental leave. Accessing this type of leave depends on the different social protection systems applied in the countries covered by this comparative study. Differences refer to the amount of social contributions, their composition and the way in which they are collected; moreover, segmentation occurs between compulsory social security schemes, schemes that self-employed workers can join only on a voluntary basis and schemes that are not available to these workers. In particular, in many countries, self-employed workers can join maternity and parental schemes only on a voluntary basis, and often with less generous benefits than those provided for employees.

In Norway, self-employed workers have the same rights to maternity and parental leave as employees, in terms of the compensation received from the National Social Security System for a certain number of weeks, but the compensation rate is lower than for employees. In recent years, however, self-employed workers may choose to take out an extra insurance – thus increasing their social security contribution – which gives them 100% compensation. In the UK, self-employed women are entitled to maternity allowance provided they have worked for at least 26 of the 66 weeks before the birth of their baby. In

Belgium, self-employed women receive six weeks of maternity leave at the most – at the end of maternity leave, the mothers receive a flat-rate payment from the health insurance fund. Several surveys and studies reveal that relevant problems arise for self-employed women who are pregnant and receive a doctor's orders to take more rest: in this case, no safety net is available to these women and, as a result, they often choose to ignore the doctor's advice, as they cannot afford to lose the income related to the job.

In Estonia, Hungary and Slovakia, self-employed workers without employees apply for maternity and parental leave to a rather limited extent and benefit formulas are usually less generous compared with those for employees.

Spain seems to be one of the few countries that has supported policies in recent years to bring the conditions for self-employed workers and employees closer with regard to maternity and parental leave. In particular, the Self-Employed Workers' Statute, passed in July 2007, has introduced innovative measures in the field of both maternity and paternity leave (such as the right to 13 days of leave for fathers), establishing practically the same conditions for both self-employed and dependent workers.

### Earnings levels and incidence of low-paid jobs

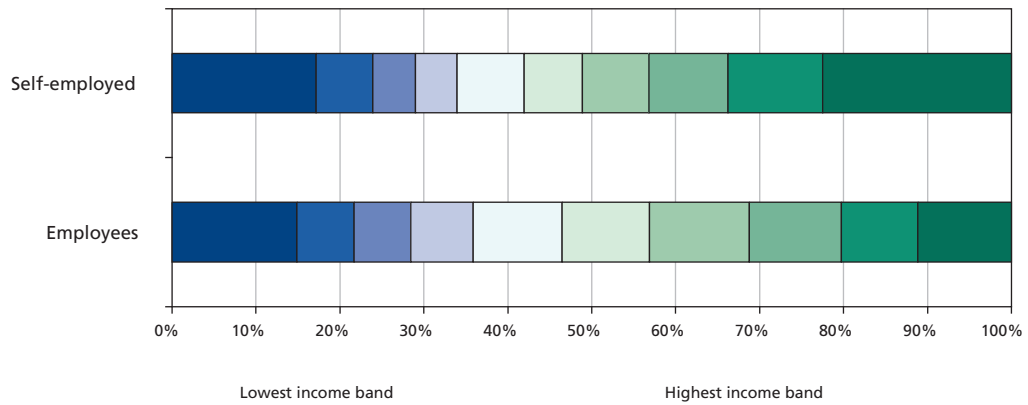
In all of the countries covered by this study, several difficulties are associated with the collection of information about compensation, especially with regard to self-employed workers. As highlighted in the fourth EWCS, people are usually quite reluctant to declare their earnings and, even if this reluctance can be overcome, the complexity and divergence of pay systems in different countries mean that the problem of defining a common, comparable base remains. Occupation and employment status makes a substantial difference in the level of non-response: on the occasion of the fourth EWCS. On average, 16% of respondents did not answer the questions about income; however, this rose to 24% in the case of senior managers and 21% for those who are self-employed. The national correspondents also confirmed that a lot of respondents did not cite any significant survey or qualitative study regarding the earnings levels of self-employed workers without employees. Similarly, little information is available on the incidence of low-paid jobs among self-employed workers without employees.

In order to overcome these problems, the EWCS has introduced a new approach to measuring pay. In the fourth EWCS, pay was measured by asking the respondents to position their usual monthly earnings in their main paid job on a 10-point scale corresponding to the 10 income deciles in each country. In particular, the attention is focused on the position of individuals in the income structure of their country. In order to simplify the interpretation of results, the income variable has been transformed from a 10-point to a three-point scale. This means that respondents are classified according to whether they are in the bottom, middle or top third of the population in their country, in terms of the earnings received from their main paid job.

According to the fourth EWCS, the most important determinants of incomes are occupations and employment status, while the impact of sector, company size and type of employment contract are less important, but still significant. Occupation has a strong impact: managers and professionals have a much greater chance of being in the highest income category and a much smaller chance of falling into the lowest category than the other occupations. By contrast, having a part-time job is likely to put a respondent into the lower earnings category; it also means that part-time workers are very unlikely to

make it into the top third of the income scale. Figure 9 shows the variation in income distribution among employees and self-employed workers.

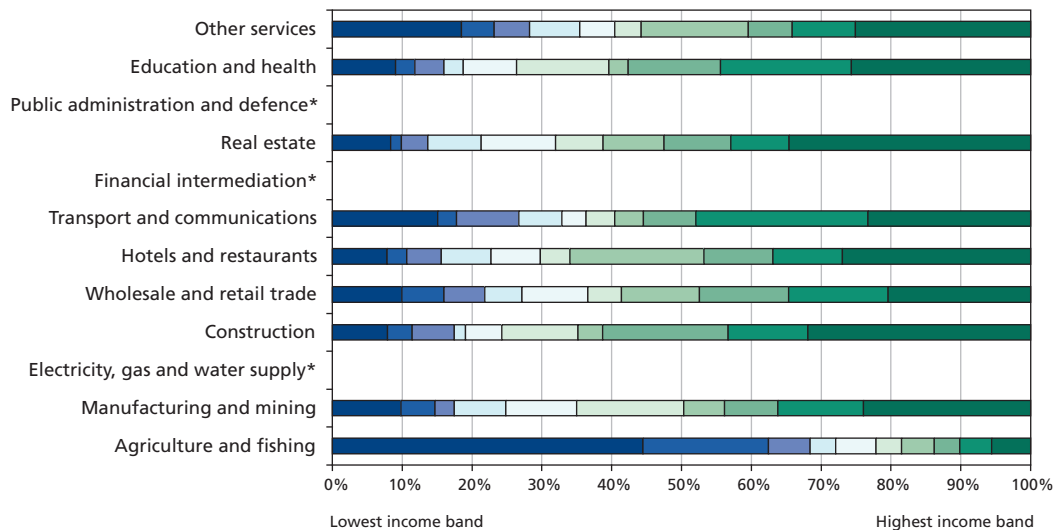
**Figure 9: Distribution of income, by employment type, EU27 (%)**



Source: EWCS, 2007

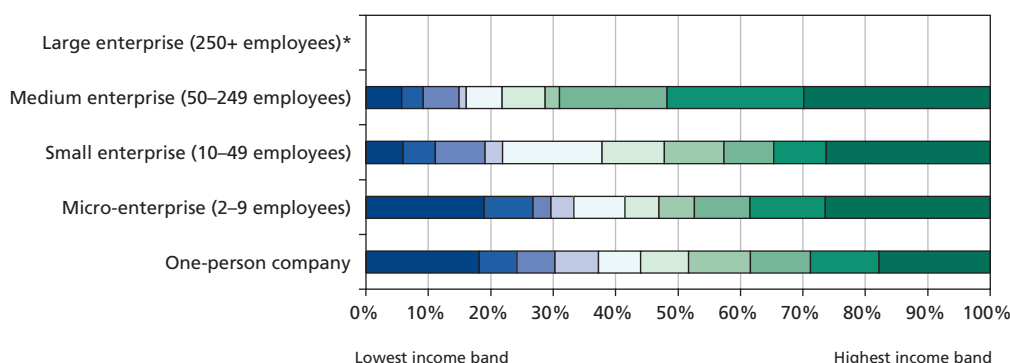
With regard to self-employment, the survey provided mainly information on the distribution of income for different sectors of activity and according to establishment size (Figures 10 and 11). The data show that the agricultural sector has a very different profile of self-employment than all of the other sectors, with a much lower monthly income. Transport and other services also show lower-than-average income. In contrast, it appears that those who are self-employed in manufacturing and in real estate are more likely to be in the top income levels.

**Figure 10: Income levels of self-employed workers, by sector of activity, EU27 (%)**



Note: \* = not enough data available.

Source: EWCS, 2007

**Figure 11: Income levels of self-employed workers, by size of establishment, EU27 (%)**


Note: \* = not enough data available.

Source: EWCS, 2007

The studies reported by the national correspondents pointed out a stronger polarisation of the income distribution among self-employed workers than employees. Moreover, the levels of income differ considerably with regard to occupations. In many of the countries included in the study, the popular stereotype that self-employed workers earn much more than dependent workers is not supported by empirical evidence. Several studies have shown a relevant earnings advantage for self-employed workers only when self-employment is the second (or the third) economic activity, often combined with a form of dependent employment.

Recent surveys and studies showed that self-employed workers have, on average, lower annual incomes compared with the incomes of employees in Finland, Hungary, the Netherlands, Slovakia, Spain and the UK. For instance, in the UK, in 2003, the first 80% of self-employed workers in the income distribution earned less than the first 80% of employees. In Spain, according to the Survey on Quality of Life in the Workplace, carried out by the Spanish Ministry of Labour and Social Affairs (Ministerio de Trabajo y Asuntos Sociales), in 2006, the majority of self-employed workers without employees (67.7%) earned a net income of between €600 and €2,100 a month, slightly below the national average. Meanwhile, lowest earnings levels (less than €600 a month) and highest earnings (over €2,100 a month) were more widespread among self-employed workers than among employees. In Italy, in 2007, the Cna-in proprio association carried out a survey entitled 'The New Professions' in which telephone interviews were conducted among 488 professionals with value added tax (VAT) status – and therefore without commercial premises – and not enrolled in the main professional registers. As far as income is concerned, the survey revealed an extremely heterogeneous situation – about 10% of the interviewees decided not to answer this question. Total income was correlated above all with seniority in the profession, showing a constant and regular progression. A significant difference in income of about €500 a month emerged between men and women; the highest incomes (over €2,000 gross a month) were restricted to a very narrow group of interviewees: mainly business consultants with more than 10 clients. In Slovakia, according to some estimations, in 2006, the average gross monthly earnings of self-employed workers without employees reached about 70% of the average gross monthly earnings in the national economy.

Among the countries that collected data on self-employed workers' earnings levels, France differs from the general tendency: in fact, self-employed workers have on average higher incomes than employees.

According to the National Institute of Statistics and Economic Studies (Institut National de la Statistique et des Études Économiques, INSEE), the average overall annual income of self-employed workers in 2002 ranged from €14,100 in the agricultural sector to €54,400 for liberal professions and similar occupations – for instance, €61,300 on average for health care professionals. Apart from the agricultural sector, where self-employed workers earned slightly less than private sector employees, self-employed workers had significantly higher incomes than employees throughout the private sector.

With regard to the incidence of low-paid jobs among self-employed workers, information is very scant, as already mentioned. Among the few countries that collected information on this topic, the incidence of low-paid jobs seems to be more widespread among self-employed workers than among dependent workers. For instance, this is the case in Belgium, Finland, Germany, Greece, Hungary, Slovakia and the UK.

### Job satisfaction

Substantial information is also lacking in the area of job satisfaction. In some countries, such as Austria, Bulgaria, the Czech Republic, Estonia, France, Greece and Malta, no specific surveys or qualitative studies have been carried out on job satisfaction of self-employed workers without employees. In other countries, the level of satisfaction with employment and working conditions differs greatly according to the form of self-employment and sectors in which self-employed workers are occupied. In more general terms, self-employed workers show a higher level of job satisfaction than dependent workers. In most cases, the higher level of satisfaction of self-employed workers is mainly due to the greater autonomy over work organisation and working time arrangements. While the dissatisfaction among self-employed workers is mainly associated with pay conditions, long or non-standard working hours and lower social benefits are also an issue.

In Italy, the previously mentioned survey carried out by the Cna-in proprio association has defined three clusters of self-employed workers ('very satisfied', 'satisfied' and 'dissatisfied'), characterised by different occupations, wage levels, working conditions, age and education levels. With regard to the level of satisfaction, the survey found that the majority of interviewees (over 50%) perceived an improvement in their standard of living since beginning their activity or profession. Dissatisfaction was the largest among self-employed workers with a lower level of education – almost one in three of these workers with a lower-secondary school certificate said that they were dissatisfied with their work. Moreover, in Italy, with regard to the level of satisfaction expressed by employer-coordinated freelancers (see Chapter 4), various studies carried out on the matter have highlighted conflicting elements that are not easily interpreted: on the one hand, these workers tend to express a higher level of satisfaction and an interest in the content of their work; on the other hand, they are dissatisfied with the living conditions that derive from working under this type of contract. In general, such dissatisfaction is due to the mix of unfavourable conditions connected with the employer-coordinated freelance relationship: few contractual guarantees, low current incomes and low future pension benefits.

In Sweden, according to a study on working conditions carried out over the period 2003–2005 by Statistics Sweden (Statistiska Centralbyran, SCB), average work satisfaction was higher among self-employed workers than among employees. In Spain, according to the 2006 Survey on Quality of Life in the Workplace, the general job satisfaction of self-employed workers without employees was rather good and very similar to the national average (7.4 and 7.3 points respectively on a scale of 0 to 10 points). In particular, self-employed workers were mostly satisfied with their level of autonomy (8.4

points), participation in the decision-making process (8.4 points) and personal development (7.7 points). In Germany, 2006 survey data showed that 58% of self-employed workers were more satisfied with their working conditions compared with 45% of dependent employees: moreover, self-employed workers were less frustrated at work and more often proud of their work than employees. In the UK, secondary analysis of the British Household Panel Survey (BHPS) data (Francesconi, M. and Gosling, A., *Career paths of part-time workers*, Report to the Equal Opportunities Commission, EOC Working Paper Series No. 19, Manchester, 2005) shed some light on differences between employed and self-employed women. It revealed that self-employed women showed greater levels of satisfaction with the work itself, although not with pay or with hours worked.

### Conclusions

This report clearly illustrates the very diverse nature of self-employment. Even if, from a legal point of view, workers who do not have a formal subordinate employment contract are commonly defined in a residual way, from economic and social standpoints, their actual situations are influenced by a number of dimensions. Such dimensions include their professional skills, the organisation and running of an independent business in a market environment, the autonomy and independence in organising their own work, as well as the capacity to bargain individually their compensation with customers. The presence of these features or the lack of them add to the differences in employment and working conditions among self-employed workers and their potential demands for collective representation, either from employer organisations or trade unions.

Indeed, one element to clearly emerge from this study is the scope for further research. A remarkable lack of data is evident on self-employed workers, but these would be essential to discriminate among the broad category of autonomous work and in order to identify the areas where employment and working conditions are most critical, with a view to designing relevant policies. A second aspect to emerge from the study is a confirmation of the existence of important reasons to devote specific attention to the issue of self-employment: the polarisation of earnings, with a significant share of self-employed workers showing low incomes, the diffusion of long and non-standard working hours, the high incidence of industrial accidents and work-related health problems. Besides these 'objective' conditions, the increasing attention paid by trade unions to these issues and the growing experience in union representation indicates that a 'subjective' demand has also arisen for protection and intervention. Traditional business-friendly measures have aimed to facilitate the running of individual and micro-enterprises, through fiscal or economic incentives, while more recent deregulation policies enable more people to enter specific activities. This can certainly contribute to fostering employment and supporting economic growth. However, it can sometimes risk neglecting other important questions, such as ensuring adequate economic rewards and granting social protections.

Important developments in this direction can be traced both in the domain of social security regulation, where the most relevant innovations in the regulatory framework on self-employment have emerged in recent years, as well as in the area of collective representation. Social security coverage has, in fact, been extended to certain areas of self-employment in some countries, through initiatives that seemingly aimed to provide basic protections, usually well below those granted to employees. Trade union representation, often in the form of service provision and sometimes collective bargaining, has offered some support in improving the economic and employment prospects of self-employed workers, especially in professional freelance positions. However, the strongest forms of protection enabled by collective

bargaining, in many cases, encounter important limitations due to competition laws, which restrict the negotiation of standard fees and contracts for formally independent workers.

Although relevant, these two strands of intervention seem to address only partially the issues raised by self-employment. According to many national reports and existing research, the most problematic situations, particularly with regard to employment and working conditions, are sometimes related to the connections between self-employment and the informal economy, on the one hand, and to the elusion of regulations through bogus self-employment, on the other. In these circumstances, stricter enforcement of existing rules and the development of new tools to face irregular situations, possibly with the active involvement of the social partners, may be part of an adequate response (for some examples of measures to tackle undeclared work in the EU, see the cases studies reviewed by Eurofound). Conversely, the problems connected with different combinations of low earnings, discontinuous work, low skills, low social security and asymmetrical positions with respect to customers and employers would probably require comprehensive interventions. Such interventions could be in terms of welfare provisions, training initiatives, business support services and the promotion of collective representation, where appropriate, with a relaxation of competition rules. It should be noted that these problematic combinations represent the weakest areas of self-employment.

Such measures, however, should be clearly defined, in order to maximise the use of resources and avoid more wide-ranging measures that would almost inevitably be of limited impact. This again highlights the crucial contribution that further and more focused research can give to the development of policies to support the improvement of working and employment conditions of self-employed workers, as well as to strengthen their contribution to more sound and sustainable economic growth – in other words, to create more and better self-employment opportunities.

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# Annex 1:

## Country codes

AT	Austria
BE	Belgium
BG	Bulgaria
CY	Cyprus
CZ	Czech Republic
DE	Germany
DK	Denmark
EE	Estonia
EL	Greece
ES	Spain
FI	Finland
FR	France
HU	Hungary
IE	Ireland
IT	Italy
LT	Lithuania
LU	Luxembourg
LV	Latvia
MT	Malta
NL	Netherlands
NO	Norway
PL	Poland
PT	Portugal
RO	Romania
SE	Sweden
SI	Slovenia
SK	Slovakia
UK	United Kingdom

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*This report presents an overview of the industrial relations and employment and working conditions of self-employed workers in the European Union and Norway. It presents basic trends in self-employment, highlights issues concerning the definition of self-employment and offers an overview of the national situations regarding the legal framework. The study also examines social security as a crucial aspect of the regulation of self-employment and a source of differences between employees and self-employed workers. Recent reforms in this area have often focused on increasing protection measures. Finally, the report analyses the presence and regulation of 'economically dependent work', as well as the collective representation of self-employed workers.*

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