

1. Self-employment: between freedom and insecurity

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INTRODUCTION

At the turn of the nineteenth century, self-employment was much more common than today and could especially be found among farmers, tradesmen, craftspeople and freelance professionals. Throughout the twentieth century, self-employment continuously declined in most advanced economies while dependent work increased significantly; developments that went hand in hand with technical change favouring capital-intensive, large-scale production, the rise of the 'Fordist model' and a change in industrial organisation in most countries (OECD, 2000; Supiot, 2001). Self-employed workers were increasingly regarded as individuals who voluntarily sought to gain higher utility from income, autonomy, flexibility and other working conditions attributed to a job in self-employment. In case of low-ability, entrepreneurs would eventually drop out of self-employment (Rees and Shah, 1986; Hamilton, 2000; Hundley, 2001). Grounded in the entrepreneurship literature, self-employment was predominantly looked upon as a well-suited way of work for independent entrepreneurs and the self-employed were considered clear 'insiders' on the labour market.

Although the previous view towards self-employment has been dominant in various advanced economies for a long time, recent times seem to show a shifting trend and image. In contrast with the long-term historical decline in self-employment, the number and share of self-employed workers has been increasing in several European countries, and there has been a particular rise in own-account workers. Yet, the timing and occurrence of a 'renaissance' in self-employment differs considerably between countries (OECD, 2000; Broughton et al., 2016; Eurofound, 2017a; Eurofound, 2017b; Eurostat, 2018; Chapter 2 of this volume). Increases in self-employment have been attributed to a mixture of underlying mechanisms, including the growing importance of new business models and changes in the organisation of work, organisational decentralisation with increasing outsourcing activities by companies, changes in the institutional

environment, and socio-cultural trends (Meager, 1992; Arum and Müller, 2004; Torrini, 2005; European Commission, 2010; Van Es and Van Vuuren, 2011; Kremer et al., 2017). A growing share of the 'new' self-employed are active in sectors like services and construction and largely tend to be own-account workers without personnel acting in occupations with low capital requirements. To date, there is only limited insight into the nature and returns of especially these new forms of self-employment. However, the group of new self-employed is increasingly associated with what has been called 'involuntary', 'dependent' and 'precarious' self-employment (Stone, 2006; Schulze Buschoff and Schmidt, 2009; Kautonen et al., 2010; Westerveld, 2012). Contrary to the view of the independent entrepreneur, this branch of literature emphasises the increasing heterogeneity among the self-employed and focuses on the group of rather vulnerable self-employed, regularly operating at the blurring boundaries between being an employee and employee-like self-employment.

This book aims to investigate the scale, nature and implications of self-employment as precarious work in Europe. We address several research questions that have received limited attention in the scientific literature to date and add to the existing knowledge in two marked ways. A first void in the literature concerns the limited insight into recent developments in the nature and quality of work among the self-employed in Europe. To what extent are the self-employed self-sufficient entrepreneurs and where and why have more precarious forms of self-employment emerged? Considering 'precariousness' to be more than only income from self-employment but also including social risk coverage, a second void this study aims to fill is where and how precarious self-employment relates to systems of social security and institutional surroundings.

Besides for scientific reasons, it is important to study self-employment as precarious work for societal reasons. Policy debates tend to be dominated by a strong emphasis on the promotion of entrepreneurship and SMEs and the encouragement of self-employment as a valid alternative for the unemployed, with little recognition of potential problems such as low and insecure incomes, poor social security and pension coverage, low levels of training/human capital development and deterioration in self-employed job quality. Presenting a wide variety of up-to-date information on the self-employed in a changing labour market, this book aims to support the policy debate and provide information for policy makers and other stakeholders who take an interest in or are involved in tackling the manifold challenges related to these changing working patterns. From a macro-level perspective, the combination of increasing shares of self-employed workers and their coverage in terms of social security provisions may have substantial consequences for the welfare of citizens as well as welfare state

expenditures. Knowledge about self-employment as precarious work and insight into behaviour and attitudes towards social security helps to anticipate the requirements and feasibility of various policy measures in this field. Also at the meso-level, organisations (such as trade unions, specific organisations for the self-employed and actors in the financial sector) may benefit from this type of knowledge when developing and introducing relevant support.

This chapter initiates the conversation between theory, methods, evidence and consequences of self-employment as precarious work which is the focus of this book. It conceptualises precarious employment in the context of self-employment, examines developments in Europe and identifies avenues for fostering our understanding in this area of research.

PRECARIOUS WORK

Precarious employment is of all time, though varying in scale and taking expression in different ways in different periods and places. Employment through intermediaries, live-in domestic work and seasonal agriculture work bore a high risk of precarious employment in advanced economies already in the early twentieth century, prevailing in new and continuous ways to date (Vosko, 2006). Certain precarious forms of employment seem to persist, while others (largely) disappear and new forms disperse. Within the framework of this book, the question arises whether some forms of contemporary self-employment are to be considered a new expression of precarious employment.

After a century of massive changes in the organisation of work and legislative adaptations, nowadays a majority of workers in advanced economies earns a living through a standard employment relationship, which in the European context typically includes, for instance, protection against dangerous working conditions, exploitation, unfair treatment, unemployment and poverty in old age, insurance in case of sickness and disability, and parental leave. Non-standard or atypical work is then any alternative employment relation, including day labour, on-call work, temporary help agency employment, independent contracting and other self-employment. Although non-standard work has been increasing in Europe in recent decades, still a minority of workers earn a living through alternative employment relations. Alternative employment relations may involve 'contingent work', referring to the notion that these relationships are on average less secure and more contingent on short-term changes in employer demand than is regular employment. An underlying concern

with non-standard work arrangements thus are claims that these jobs are worse for workers than regular full-time jobs. However, whether the growth of non-standard employment is problematic depends ultimately on the quality of these non-standard jobs, which may largely vary within and between the various groups lumped together under the heading of ‘non-standard employment’ or ‘contingent work’ (Belous, 1989; Kalleberg et al., 2000; Cappelli and Keller, 2013). Whereas some alternative arrangements may in fact be quite regular and stable, some full-time regular jobs can be quite insecure. Within-group diversity is indeed substantial among the self-employed: for some the quality of work may be good and the continuity of work be quite secure, while for others self-employment is synonymous with insecure and low quality work (e.g. Eurofound, 2017a). In that light, it is increasingly acknowledged that the question needs to be directed away from the prevalence of non-standard work and towards the link between various arrangements and the actual and perceived quality of jobs (Vosko, 2006), which in essence implies a move away from the individual contracts approach towards the quality of work approach (Broughton et al., 2016).

Precarious work has been defined, conceptualised and examined in several ways. In recent work, Kalleberg (2018, p. 3) defines precarious work as “work that is *uncertain, unstable and insecure* and in which *employees bear the risks* of work (as opposed to businesses or the government) and *receive limited social benefits and statutory entitlements*”. Several authors (e.g. Vosko, 2006; Porthé et al., 2010; Kalleberg, 2018) consider precarious employment a multidimensional construct composed of various dimensions and stress that analysing these dimensions – mostly related to the quality of work – is critical to establishing whether work is precarious. Rodgers (1989) was among the first to systematically examine the nature of precarious work by identifying several dimensions of precariousness: (1) income adequacy (or sufficient earnings for the worker and any dependants to maintain a decent standard of living); (2) welfare and legal protections (or protection through union representation or law); (3) degree of certainty of continuing employment; and (4) control over the labour process. Later typologies of precarious work sometimes solely rely on economic rewards such as earnings and fringe benefits, others also include aspects like autonomy and control over the labour process, degree of work uncertainty and employability factors (cf. D’Amours and Crespo, 2004; Kalleberg, 2011; Scott-Marshall and Tompa, 2011; Stone, 2006; Vosko, 2006; OECD, 2014; Eurofound, 2015; Broughton et al., 2016).

Whereas definitions and dimensions of precarious work in general are not tied to a specific form of employment, some seem more applicable to the situation of employees than of self-employed workers. For instance,

in various countries statutory benefits and entitlements available to wage workers (in terms of, for instance, employment standards and insurance) are not or to a lesser extent available to the self-employed, and the self-employed often cannot form or join trade unions. On a related note the question arises what exactly ‘precariousness’ is in the context of self-employment. For instance, the self-employed almost by the very nature of their employment form have a relatively high degree of work uncertainty and naturally bear certain risks. This uncertainty in self-employment is considered ‘part of the game’ though, and may in addition have less of a detrimental effect if adequately anticipated by individuals and financial reserves are present to provide the self-employed with financial security in times of (temporary) absence of continuing work.

Analysing precarious work preferably includes various levels: job, person, household and community levels (Vosko, 2006). As a substantial share of individuals who have a job in self-employment are – probably more often than is the case with wage and salary workers in low income jobs – not or not completely dependent on this income, analysis at the household level may be of particular relevance when studying the self-employed. Think of someone who likes to make sculptures and decides to sell his/her products through a web store. This person may have a registered income that we would consider ‘low’ and this person could be labelled ‘economically dependent’. However, if this person is not in it for the money and pieces together a living from other sources beyond this ‘main job’, it would be peculiar to call this person ‘precariously self-employed’. This implicates that instead of trying to establish whether the self-employed have low incomes, are in low-paid jobs or whether they are economically (in)dependent, we may want to capture precariousness through other measurements and approaches than is common in research among wage workers. The measurement of dimensions of precarious work through statistical vehicles often is more complicated in the case of the self-employed than among wage workers (we will return to this issue in the next paragraph).

All in all, self-employment in relation to precarious work seldom has been at the centre of attention and research on precarious work typically assumes the situation of a wage worker. Building on before-mentioned and other earlier studies (including Schulze Buschoff and Schmidt, 2009; Choi, 2009; Conen et al., 2016; Conen, 2018; Kalleberg, 2018), we consider precarious work as an employment situation in which individuals or households are unable to fulfil fundamental physiological and security needs while working (within our framework: as self-employed). Throughout the book we emphasise three dimensions of precariousness which seem particularly relevant in the context of self-employment:

1. Income inadequacy while working (related to concepts such as in-work poverty, low-income households and financial resilience);
2. A lack of adequate social benefits and regulatory protection (related to concepts such as false or bogus self-employment and social security provisions);
3. Work with a high uncertainty of continuing work (related to concepts such as work insecurity, lack of employability and financial unrest).

We will further elaborate on these three dimensions, and the relation with various relevant concepts in this area, in the following section.

RESEARCH ON SELF-EMPLOYMENT AS PRECARIOUS WORK

Studies in the field of social policy and industrial relations tend to underline that self-employed, and own-account workers in particular, may be among the groups that are prone to bad jobs and in-work poverty (Kalleberg et al., 2000; Kalleberg, 2018). Unfortunately, the self-employed are left out of empirical analyses in a large majority of studies in this area (e.g. Parker, 2004; Crettaz, 2013). One of the main reasons probably is that particular problems arise with income from self-employment; income which is notoriously hard to measure and compare. As a result, to date little is known about how the group of self-employed is actually faring; this book aims to advance research in this area.

Income Adequacy

Despite individual and subjective differences, there are certain objective characteristics that most people would agree are necessary for a job to be considered ‘a good job’ (Kalleberg, 2011). “A basic requirement is that the job should pay a wage that is high enough to satisfy a person’s basic needs. Another requirement is fringe benefits to also accommodate those needs” (Kalleberg, 2011, p.9). Previous research that has examined the relationship between self-employment and payoff predominantly has used national labour force micro datasets or panel data, linking earnings profiles or job satisfaction to worker’s characteristics. Other studies have been based on the spending patterns of the self-employed, which are typically easier to measure on a comparable basis with other groups. Research using these types of method shows that the self-employed tend to have lower (initial) average and median earnings than employees with the same observed characteristics, although their earnings also are more polarised (e.g. Hamilton,

2000; Lin et al., 2000; Åstebro and Chen, 2014; Conen et al., 2016; Sorgner et al., 2017). Research finds a consistently high level of job satisfaction and well-being among the self-employed (e.g. Blanchflower, 2000; Hundley, 2001; Taylor, 2004; Benz and Frey, 2008).

Previous research thus predominantly gives an idea about the relative earning profiles between self-employed and other groups in the labour market and some of its determinants. One of the main problems with earnings probably is that it relies on job-level income data for the self-employed, but there are various reasons why relying on this type of data may lead to an inaccurate picture. Difficulties stem, for instance, from the lack of clear distinction between the (incorporated) business income and the personal or household income and consumption; because the self-employed have incentives to define their income in a way that minimises taxation; because the self-employed are – probably more often than paid employees – not ‘in it for the money’; and because the self-employed have large variation in their income flows (in year t they may earn a negative income, whereas in year $t+x$ they earn high profits). Moreover, “because more and more individuals hold multiple jobs, and because people reproduce themselves in households, a focus on a main job does not capture fully the ways in which people piece together a living” (Vosko, 2006, p.48). It thus seems important to take not only the job level, but also the individual and household level into account. Over time, several approaches have examined payoff from self-employment, taking into account additional sources of income (including in-work poverty, low-income households, material deprivation); all with their own merits and disadvantages.

Earnings at the job level do not capture whether one’s job in self-employment is related to an overall precarious or self-sufficient household situation. In that light, the concept of in-work poverty has evolved rapidly and various approaches have been introduced; according to the Eurostat indicator individuals are considered to be at-risk of poverty when their annual equivalised household disposable income is below 60 per cent of the national median, and individuals are considered to be ‘in-work’ when they declare to have been ‘employed’ for more than half the income reference period of one year (Horemans and Marx, 2017). Studies find that self-employed, and own-account workers in particular, generally face significantly higher in-work poverty risks than contracted workers in Europe (Horemans and Marx, 2017; Eurofound, 2017c). The risk of in-work poverty among own-account workers went up from 23 per cent in 2007 to 25 per cent in 2014 (Eurofound, 2017c).

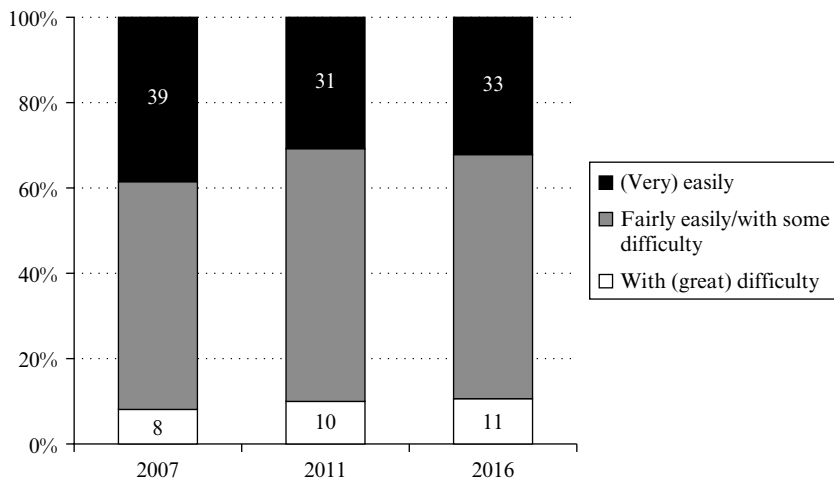
However, given that self-employment includes the opportunity of success as well as the risk of misfortune with your business and the potential large variation in income flows also between years, the question arises

whether it is not only natural to see more polarised *annual* earnings and *annual* in-work poverty among these entrepreneurs. To take such considerations into account, the indicator of individuals in long-term low-income households may be relevant. Using this measure, a relatively high share of self-employed workers – as compared to employees – has been found to be in long-term low-income households (Statistics Netherlands, 2018).

Still, all of the previous measures take income data from self-employment as point of departure. Given the manifold difficulties arising from analysing income data for the self-employed, sometimes the concept of material deprivation is adopted as a complementary measurement (Parker, 2004; Nolan and Whelan, 2010; Crettaz, 2013; Horemans and Marx, 2017). Material deprivation refers to the inability for individuals or households to afford those consumption goods and activities that are typical in a society at a given point in time. Horemans and Marx (2017) find that the picture comparing poverty among employees and the self-employed changes drastically when this concept is taken as a starting point; in various countries employees and the self-employed do not significantly differ in their level of material deprivation. However, one problem with the concept of material deprivation is that little consensus exists as to which items should be included and why (Guio et al., 2016; Nolan and Whelan, 2010). Furthermore, in case of the self-employed, the concept is sometimes considered to underestimate poverty as business income may increase spending power and hence limits material deprivation (Eurofound, 2017c).

Yet another way of addressing income adequacy and poverty among self-employed workers while avoiding the use of income data is to ask for self-assessed evaluations of the financial situation. Information on the financial situation of the household was collected in the 2003, 2007, 2011 and 2016 European Quality of Life Survey (Eurofound, 2018). Figure 1.1 shows the percentages of respondents in the EU-28 who report facing ‘difficulty’ or ‘great difficulty’ in making ends meet with the household’s total monthly income (as compared to ‘some difficulty’, ‘fairly easily’, ‘easily’ and ‘very easily’). We used the recommended weight for analysis at the EU-28 level, which is available for second, third and fourth waves; that is, data for 2003 could not be included in a comparable way. We excluded individuals older than 60 years, because they may in some countries already receive particular pension benefits. The results show that 11 per cent of self-employed workers report facing ‘difficulty’ or ‘great difficulty’ in making ends meet with the household’s total monthly income in the EU-28. This share has increased from 8 per cent in 2007 to 10 per cent in 2011 and 11 per cent in 2016.

European Member States largely differ in their self-employment developments and institutional conditions (e.g. Eurofound, 2017c). While



Notes:

Weighted data; based on 8,674 observations.

* Survey question: "A household may have different sources of income and more than one household member may contribute to it. Thinking of your household's total monthly income: is your household able to make ends meet. . .?"

Source: European Quality of Life Survey Integrated Data File, 2003–2016 [own calculations].

Figure 1.1 Self-assessed financial situation of the household among self-employed workers (aged 18 to 59 years) in the EU-28, 2007–2016, percentage*

income adequacy among self-employed workers may appear stable or only moderately changing at the aggregated European level, substantial contrastive developments may be taking place at the country level. Unfortunately, internationally-comparable data on changes in income adequacy seems scarce and sample sizes of self-employed at the country level seem particularly small. Nevertheless, Table 1.1 aims to provide some information on changes at the country level, that is, changes in the percentages of respondents who report facing 'difficulty' or 'great difficulty' in making ends meet with the household's total monthly income. Countries are clustered by welfare state type (Esping-Andersen, 1990). We used the recommended weights for analysis at the country level, which are available for all four waves.

The results indeed show considerable between-country variation. In Germany and some Eastern European Member States the share of self-employed with inadequate incomes at the household level seems to have

Table 1.1 Change in self-assessed financial situation of the household at the country level, percentage ‘with great difficulty’ and ‘with difficulty’, period 2003–2007 compared to period 2011–2016***

	Decline	No significant change	Increase
Nordic		DK, FI, SE	
Continental	DE	AT	BE, NL, FR
Anglo-Saxon		IE	UK
Southern		IT, PT	GR, ES
Eastern	BU, PO	HU, RO	

Notes:

* Survey question: “A household may have different sources of income and more than one household member may contribute to it. Thinking of your household’s total monthly income: is your household able to make ends meet. . .?”

** Given the limited number of observations per country per wave of self-employed, we pooled together data for two subsequent waves.

Source: European Quality of Life Survey, 2003, 2007, 2011 and 2016 [own calculations].

been decreasing between the early 2000s and 2010s. However, in other countries – in particular the UK, several Continental and Southern European countries – the share of self-employed reporting facing difficulties seems to have increased over time. The question whether these increasing shares of self-employed with inadequate household incomes would be the consequence of a deteriorating position of existing self-employed or is due to a changing composition of the self-employment population (for instance due to an influx of individuals who otherwise would become unemployed or inactive, perhaps as a consequence of the financial crisis) cannot be answered using these data.

Future research may want to combine objective and subjective measures on income adequacy among the self-employed and examine the practicability and applicability of composite measures. For instance, Conen et al. (2016) suggest the concept of ‘financial resilience’, which is operationalised as a composite measure of self-reported annual household income (seven-point scale), financial means to bridge a period without work (six-point scale) and evaluation of the financial situation of the household (five-point-scale).

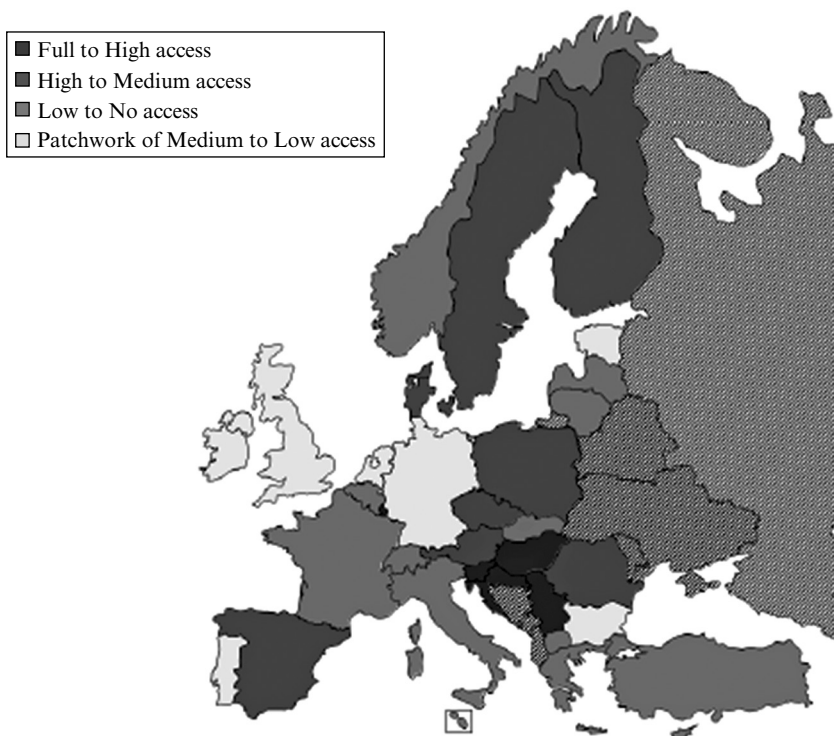
Social Benefits and Regulatory Protection

Self-employed workers have to deal with various social risks, including the risk of poverty in old age, the risk of disability and the risk of

unemployment. From the angle adopted in the entrepreneurship literature it is often claimed that *self-employed* are (and are supposed to be) predominantly self-supporting, while from the point of view of adequacy of social protection it is often emphasised that they – or at least a part of them – should rather be considered *self-employed*, with a stronger focus on the dependent status (Westerveld, 2012). Lacking social security is another important dimension of precariousness, and may include, for instance, the absence of life and disability insurance, pensions and health and dental coverage. In Europe, there is a large divide between self-employed who do and do not participate in, for instance, disability insurance as well as pension savings (Schulze Buschoff, 2007; Schulze Buschoff and Schmidt, 2009; Choi, 2009; Conen et al., 2016; Spasova et al., 2017).

Welfare states as they have grown in Europe during the second half of the twentieth century typically took citizens in their role of employees as the focus of law and regulation. Employment status tends to determine the applicability of labour legislation as well as access to and coverage of insurance against social risks within the framework of statutory insurance systems. Self-employed workers in Europe have typically been excluded from access to certain insurance-based social protection schemes, although some categories of self-employed workers have received disparate treatment in some countries. Here you can think of certain historical categories of the self-employed – such as farmers and the liberal professions – who sometimes benefited from specific social protection schemes. Those in other types of self-employment, and especially new forms of self-employment, have in many countries had little or no access to public social protection (Conen et al., 2016; Spasova et al., 2017). Spasova et al. (2017) studied both statutory and effective access to social protection for self-employed in Europe; Figure 1.2 shows there is a great variety in access to insurance-based schemes.

One type of risk that is prominently addressed in relation to self-employment, also in the media, is the risk of poverty in old age. Earlier research on self-employed workers in relation to pension build-up concerns research in the area of *who* of the self-employed save for their retirement (in terms of socio-economic background), *how* they save (for instance, through retirement accounts, life insurances or annuity-like products) and how the coverage, contributions and benefits of solo self-employed, often in comparison with employees, *differ between countries* (e.g. Schulze Buschoff, 2007; Choi, 2009; Schulze Buschoff and Schmidt, 2009; Mastrogiacomo and Alessie, 2015). These studies typically make use of legal statutes and descriptive measures on pension savings. In addition, several studies seeking to explain pension savings and retirement planning *control* for self-employment status (e.g. Bottazzi et al., 2006; Almenberg and Säve-Söderbergh, 2011; Lusardi and Mitchell, 2011).



Source: Spasova et al., 2017, p.47.

Figure 1.2 Statutory access to insurance-based schemes for self-employed in Europe, 2017

As with income data, little is known though about *how much* self-employed workers save and whether this is sufficient to live comfortably in old age. In that light it is often mentioned that ‘unconventional ways’ of retirement savings play an important, yet under-researched, role in the retirement build-up and planning of the self-employed (Mastrogiacomo and Alessie 2015). ‘Unconventional’ in this context refers to the fact that certain types of pension savings of the self-employed do not go via traditional second or third pillar schemes and therefore are more difficult to link to their pension destination. Examples of such savings include (but are not limited to): saving for retirement on a savings account, the anticipated selling of a store or other real estate, the anticipated selling of professional equipment, or saving accounts that are financially managed conjointly (for instance in family businesses). Hershey et al. (2017) find that the *involuntary* solo

self-employed are less likely to save for retirement than their voluntary self-employed counterparts, and they envisioned a less optimistic future pension scenario for themselves.

From a legal perspective, the notion of false (or bogus) self-employment is often brought forward in relation to precarious work. False self-employment refers to the situation when workers register as self-employed but de facto qualify as employees, carrying out work under authority or subordination; for instance because employers 'convince' their (former) employees to make the transition into self-employment and return in their services as own-account workers. This form of self-employment is not seldom a way to circumvent, for instance, employment legislation, income tax contributions and/or employers' social security contributions. False self-employment not only has negative effects for the position of relatively vulnerable workers, it is also considered to contribute to the crumbling of the welfare state, as employers underplay their tax and contribution liabilities. Recent research lines in the area of law include, for instance, the potential role of EU competition law in regulating the 'new' self-employed (Daskalova, 2018) and social security outside the realm of the employment contract, that is, social security for the self-employed but also, for instance, platform workers and workers in the informal economy (Westerveld and Olivier, 2019).

Uncertainty of Continuing Work

Uncertainty may take form in various ways (e.g. employment insecurity, (lack of) employability, financial unrest) and may have consequences not only in terms of income, but also for individual well-being and family relations. Many of the current discussions on precarious work have a strong focus on the insecurity aspect (Kalleberg, 2018), but insecurity and attitudes towards risk have a different connotation in the context of the self-employed than in the context of wage workers. Various forms of insecurity seem more accepted among the self-employed, as they consider this to be the 'price' of being self-employed. Measurements of this dimension also typically assume the situation of wage workers and are seldom useful for providing information with respect to the self-employed. What exactly is being measured when self-employed workers are asked if they may lose their job in the next six months? Or whether their job is secure? A useful distinction may be between *job* insecurity and *employment* insecurity. Whether job insecurity is perhaps not particularly applicable to the self-employed (that is, the degree to which a person is likely to lose the current job), employment insecurity and the uncertainty of continuing work (i.e. how easy or hard it will be to find new, generally comparable,

work) is. Furthermore, often the distinction between *objective* and *subjective* insecurity is made. Objective insecurity can be measured through indicators like tenure or the amount or costs of unemployment, whereas perceived cognitive insecurity (“My current job is secure”) or affective insecurity (“Do you worry about the possibility of losing your job?”) are subjective measures. Applied to the context of the self-employed, it would be useful to develop measures that capture objective and subjective *employment* insecurity rather than *job* insecurity. Insecurity in the labour market may lead to individuals becoming more fearful of long-term plans and commitments in other life domains; couples, for instance, often find economic stability a crucial condition for taking a long-term decision such as having children. Especially the involuntary solo self-employed often seem to experience their uncertainty as troublesome (Scherer, 2009; Conen et al., 2016; Kremer et al., 2017).

A lack of maintenance or improvement of employability among the self-employed is also sometimes considered a concern in the prospects of continuing work and career enhancement. The self-employed typically lack access to organisational policies – including formal training opportunities inside corporations – and must procure human capital accumulation by themselves (Smith, 2010). Earlier research of training of workers usually focuses on employees and rarely on self-employed workers. The limited number of studies in this area seem to indicate that the amount of training or the percentage of self-employed who receive training is lower than that of employees (e.g. Broughton et al., 2016; Conen and De Beer, 2019). On the one hand, these findings may signal that the self-employed lack sufficient training investment (due to constraints in funds, time, or access) to pursue sustainable careers. On the other hand, it may also mean that relatively highly skilled individuals select into self-employment or that the self-employed are more effective or rational in choosing the training they really need.

OUTLINE OF THE BOOK

This book is divided into three parts. The first part, consisting of Chapters 2 to 4, sketches the theoretical foundations and context that can be used to study self-employment as precarious work. The second part, consisting of Chapters 5 to 11, reports empirical studies on self-employment and precarious work in Europe. The third part, consisting of Chapters 12 to 14, addresses the implications of findings and puts forward suggestions for future research.

Chapter 2 presents Joop Schippers’ exploration of labour market flexibility, self-employment and precariousness in Europe. The chapter

examines the origins of new forms of self-employment, the implications in terms of economic and labour market position at the level of the individual, and relates the development of new forms of self-employment to the discussion on labour market flexibility that came up during the last quarter of the twentieth century.

Self-employment dynamics are highly shaped by institutional conditions. The institutional context is not only likely to affect the choice to become self-employed (Torrini, 2005), but also affects the extent to which the self-employed are able to gain sufficient income from a job in self-employment and have to deal with various types of social risk, including the risk of poverty in old age, the risk of disability and the risk of unemployment. In the short *intermezzo* Chapter 3, Hanneke Bennaars addresses the contours of the EU legal perspective to the social protection of self-employed.

In Chapter 4, Uwe Fachinger discusses, from a theoretical point of view, the relation between self-employment, pensions and the risk of poverty in old age. Some of the risks are determined by factors which may be influenced by individuals, and which have to be seen in the context of the ability and willingness of self-employed people to save part of their earnings. The other group of factors, which determine the risk of old age poverty, cannot be influenced by individual action or behaviour. These factors include the institutional and legal framework and developments in capital markets, which are often assumed to be constant over time, but in most cases this is not true. The stability and security of entitlements, the replacement rate, and the adjustment of pensions during retirement to maintain one's living standards are relevant to avoid poverty in old age.

The second part, reporting empirical studies, starts with country studies from various welfare state regimes, including the United Kingdom representing the liberal welfare state, Austria, the Netherlands and Germany representing continental welfare states, Italy the Mediterranean type of welfare state and Sweden the social-democratic welfare state. As private initiative was suppressed under communist rule for a substantial period of time, emerging post-socialist countries went through a fundamentally different process in the past decades than outlined in this introductory chapter; we did not include country studies from these regimes in this volume. The second part with empirical studies contains two studies related to labour force demographics: the position of the older and migrant self-employed.

In Chapter 5, Nigel Meager provides an analysis of the expansion of self-employment in the United Kingdom in recent decades, which encompass two periods (the 1980s and post-2000 period) of remarkable growth in self-employment. The chapter reviews both the literature and recent evidence and addresses the question to what extent developments can be

interpreted as a positive development, reinforcing entrepreneurship and economic growth, or whether they are reinforcing labour market inequalities and generating new forms of disadvantage for the 'new self-employed'.

In Chapter 6, Dieter Bögenhold, Andrea Klinglmair, Zulaicha Parastuty and Florian Kandutsch observe an emerging trend towards one-person enterprises in Austria, nowadays representing more than 50 per cent of all Austrian companies. Using unique survey data collected among 626 Carinthian one-person enterprises, this chapter analyses rationalities of these microenterprises and their relation to precariousness among the solo self-employed in Austria. The authors find that one-person entrepreneurs who have been crowded out from the (dependent) labour market and are therefore driven by economic reasons (e.g. self-employment as an alternative to unemployment) are comparatively dissatisfied with their professional situation, are less optimistic regarding their entrepreneurial future, and generate lower incomes.

The Netherlands is among the European countries with the largest increase in the number of solo self-employed in recent years, whereas Germany has witnessed a much more moderate growth and recently even a decline. In Chapter 7, Wieteke Conen and Maarten Debets examine precariousness among the solo self-employed in Germany and the Netherlands and study behaviour and attitudes towards social risk. To that end, they analyse comparative survey data and qualitative interviews. The self-employed in both countries have to deal with various types of social risks (including the risk of poverty in old age, the risk of disability and the risk of unemployment) within different institutional contexts; this chapter addresses the question how the solo self-employed in the two countries deal with their insecure position.

In Chapter 8, Paolo Borghi and Annalisa Murgia outline a changing landscape of self-employment in Italy and zoom in on the situation of independent professionals. Based on a qualitative secondary analysis, four relevant characteristics of independent professionals are highlighted: the growing difficulty in defining successful professional careers; the ambivalence of autonomy that can lead to self-exploitation; the social protection gap in comparison with employees; and the new interest of traditional and emerging organisations dealing with their collective representation. In Italy, the risks connected to the ambivalent condition of being 'precariously free' seem to pose a challenge both for the new generation of independent professionals and for the organisational and institutional actors aimed at regulating and protecting this category of workers.

Dominique Anxo and Thomas Ericson analyse in Chapter 9 the extent to which bogus self-employment is prevalent in the Nordic countries and EU-28. Drawing on the 2015 wave of the European Working Condition

Survey and using standard econometric techniques, the authors find that Sweden displays a lower incidence of bogus self-employed compared to other EU Member States. The specificity of the industrial relations system in Sweden, with strong social partners, high union density and coverage rate of collective agreements in all sectors of the economy, may explain the limited development of bogus self-employment and its lower incidence compared to other Member States.

Self-employment among older workers is diverse. Some older workers have been self-employed much or all of their working lives, while others make the transition into self-employment after age 50 and, for some, as part of a transition to retirement. Wieteke Conen examines in Chapter 10 motives for older workers to work as self-employed and studies precariousness among self-employed men and women between 50 and 80 years of age. The question addressed is who works beyond the state pension age and why?

There has been a long-standing debate among scholars about the nature of migrant self-employment. A popular assumption of the narrative is that migrants are forced into low-wage sectors with poor working conditions due to a lack of resources and opportunities. In Chapter 11, Stefan Berwing, Andrew Isaak and René Leicht study the extent and determinants of precarious self-employment in Germany as well as which types of fields and occupations are most affected by precarious working conditions. An indicator is developed to operationalise precarious self-employment using the 2011 German Microcensus. The results from their quantitative analyses seem to debunk the assumption that equates migrant self-employment to precarious work.

On the macro-level, especially solo self-employed often remain invisible in discussions on socio-economic issues, because – almost by nature – they operate independently and have difficulties organising collective action. This raises the question of how their interests can be adequately included in socio-economic policy making. Chapter 12 investigates membership of interest organisations through the lens of precarious self-employment. Giedo Jansen and Roderick Sluiter construct a four-category typology of solo self-employment (i.e. secure traditional/precarity-prone traditional/secure professional/precarity-prone professional) and study whether these different types of self-employed workers have diverging expectations of interest organisations, and/or diverging membership patterns. The authors conclude that the most notable group of self-employed are the precarity-prone professionals, who are not only most likely to deviate from traditional patterns of interest representations, but are also most willing to join a trade union.

In Chapter 13, Karin Schulze Buschoff puts forward that the emergence of the category of ‘new self-employment’ and the increasing hybridisation

of employment presents a challenge for political actors in European countries. How do social security systems, and old-age pensions systems in particular, adapt to these developments? And to what extent do regulations at the EU level contribute to the social protection of the workers concerned? Although social inclusion initiatives for self-employment and hybrid employment at the EU-level thus far seems contradictory, various Member States seem to be developing viable systems to cope with the risks posed by increasingly flexible labour markets.

In Chapter 14, Joop Schippers and Wieteke Conen draw some general conclusions from the previous chapters on self-employment as precarious work in Europe, point to future policy challenges and present suggestions for future research.

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