



ESPN Thematic Report on Access to social protection of people working as self-employed or on non-standard contracts

Slovakia

2017

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The European Social Policy Network (ESPN) was established in July 2014 on the initiative of the European Commission to provide high-quality and timely independent information, advice, analysis and expertise on social policy issues in the European Union and neighbouring countries.

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Contents

SUMMARY	4
1 CONTEXT: SELF-EMPLOYMENT AND NON-STANDARD WORK RELATIONSHIPS IN THE NATIONAL ECONOMY AND LABOUR MARKET	6
2 DESCRIPTION AND ASSESSMENT OF SOCIAL PROTECTION PROVISIONS FOR THE SELF-EMPLOYED AND PEOPLE EMPLOYED ON NON-STANDARD CONTRACTS	10
2.1 Description of social protection provisions for the self-employed and people employed on non-standard contracts.....	10
2.1.1 Healthcare and sickness: cash benefits and benefits in kind.....	11
2.1.2 Maternity/paternity cash benefits and benefits in kind.....	12
2.1.3 Old-age and survivors' pensions.....	12
2.1.4 Unemployment benefit and social assistance benefits	12
2.1.5 Long-term care benefits.....	12
2.1.6 Invalidity, accidents at work and occupational injuries benefits	13
2.1.7 Family benefits	13
2.2 Assessment of the existing social provisions and of the impact of possible extension of their coverage	14
3 CONCLUSIONS AND RECOMMENDATIONS	16
ANNEX 1	3
REFERENCES	3

Summary

Self-employment represented 15% of total employment in Slovakia in 2015. Only one-fifth of the self-employed had employees. The proportion of the self-employed who had no employees rose by more than two percentage points between 2008 and 2015, having reached a peak of 80.3% in 2012. There is a clear age bias in self-employment. People between 25 and 49 years of age are more likely to be self-employed than those in other age categories. Age composition is changing, however: the proportion of self-employed persons between 50 and 64 years has been gradually rising (by more than five percentage points between 2008 and 2015). Men are over-represented among the self-employed in Slovakia. Their proportion has, however, been decreasing: from 75.3% in 2008 to 70.3% in 2015.

Slovakia is characterized by an uneven distribution of self-employed persons across different sectors in the economy. In 2016 the highest proportion of the self-employed could be found in construction (25.3%), followed by wholesale and retail trade (14.3%) and manufacturing (11%).

The number of employees in temporary, casual or seasonal jobs has increased in recent years. The share of such jobs in the total number of employees jumped from 4.5% to 10% between 2010 and 2016. Part-time jobs, representing another form of non-standard work, have been on the increase as well. Whereas in 2008 only 2.5% of all employees worked on a part-time basis, in 2015 it was 5.8%. More women than men work on part-time basis: 8% in 2015 in contrast to 4% for men.

The term 'bogus self-employment' is not defined by national legislation. The Labour Code offers a definition of dependent work which has been tightened in recent years (in 2013 and 2015) in order to prevent contractual relationships governed by labour law being replaced by other forms of contractual relationship, and to support the transition of people in bogus self-employment into standard employment. Estimates of the extent of bogus self-employment started to be made in 2010, as part of the Labour Force Survey. During the first years of monitoring bogus self-employment increased, with some fluctuations. A peak was reached in the second half of 2013, with 107,600 bogus self-employed in the third quarter and 106,400 in the fourth quarter of that year. In 2014 the figure began to shrink, but more recently it has been increasing again (by more than 12% between the first quarter of 2015 and the first quarter of 2016).

The Labour Code defines several atypical (non-standard) forms of employment. In terms of the financing of the social protection system, there are no differences between standard forms of employment and the majority of non-standard forms (including part-time work, fixed-term work, job sharing, homework, telework, and temporary agency work). On the other hand, specific social and health contribution rates are applied to self-employed people, persons on work agreements with irregular income, and students.

As regards eligibility conditions for the main types of social benefit, there are no significant differences between workers in standard and non-standard forms of employment. Some differences arise in relation to amounts of benefit, especially in relation to sickness benefit and old-age pension. In the case of the old-age pension, there is a risk of lower future pension benefits for those self-employed people who pay contributions on 'the minimum assessment base' (defined as 50% of the national average wage).

In terms of the in-work risk of poverty, there is a clear divide between people working on standard and non-standard contracts. The incidence of income poverty among persons working part time is markedly higher than among persons in full-time jobs. In 2015, the difference was more than 13 percentage points. Differences can be also identified between people in permanent and temporary jobs. Being in a temporary job

in Slovakia means a higher risk of poverty. In 2015, 7.6% of people in temporary jobs were at risk of poverty, compared with 2.6% of workers with a permanent contract.

The division between permanent and temporary work seems to be a key aspect of uneven social protection coverage in Slovakia. People in temporary jobs are the most at the risk of not being entitled to social benefits. This is true for people in temporary jobs regardless of whether they have a full-time or part-time contract.

1 Context: self-employment and non-standard work relationships in the national economy and labour market

A self-employed person is someone aged 18 or over who has income from business or other independent gainful activity, according to the definition in the Income Tax Act No. 595/2003 in Article 6, paragraphs 1 and 2.¹ Self-employment is also defined by the Trade Licensing Act No.455/1991 as a continuous activity, performed in a person's own name and on their own responsibility, with the purpose of obtaining a financial profit. Self-employment accounted for 15% of total employment in 2015. It increased by five percentage points between 2000 and 2014 (European Commission, 2016: 42). Only one-fifth of self-employed persons had employees in 2015. The proportion of the self-employed who had no employees rose by more than two percentage points between 2008 and 2015, having reached a peak of 80.3% in 2012.

There is a clear age bias in self-employment. People between 25 and 49 years of age are more likely to be self-employed than those in other age categories. In 2015, they represented 67% of all self-employed people in Slovakia, persons aged 50 to 64 years 28.2%, and young people only 3.2%. Age composition is changing, however. Whereas the share of persons aged 25 to 49 years has been shrinking, the share of persons between 50 and 64 years has been gradually rising (increasing by more than five percentage points between 2008 and 2015). On the other hand, the role of young and older people among the self-employed remains marginal.

In addition, there is a strong difference in the incidence of self-employment as between men and women. Men are over-represented among the self-employed in Slovakia. Their proportion has, however, been decreasing: from 75.3% in 2008 to 70.3% in 2015.

Table 1: Self-employment in Slovakia (persons aged 15 or over)

	Number of self-employed persons (in thousands)	Self-employed with employees (% of self-employed persons)	Self-employed without employees (% of self-employed persons)
2008	332,1	23.4	76,6
2009	367,6	22.1	77.9
2010	367,0	22.5	77.5
2011	367,5	22.1	77.9
2012	358,5	19.7	80.3
2013	360,5	20.2	79.8
2014	361,9	21.1	78.9
2015	363,6	20.8	79.2

Source: Eurostat

Table 2: Self-employed persons by age (% of self-employed persons)

	15-24 years	25-49 years	50-64 years	65 years or over
2008	4.1	72.4	22.8	0.7
2009	4.9	71.9	22.4	0.8
2010	5.2	69.6	24.4	0.8
2011	4.2	68.7	26.3	0.8
2012	4.4	68.0	26.8	0.8
2013	3.3	68.9	27.1	0.7
2014	3.3	68.0	27.6	1.1
2015	3.2	67.0	28.2	1.6

Source: Eurostat

¹ <http://www.socpoist.sk/szco-vjr/55165s>

Slovakia is characterized by an uneven distribution of self-employment across different sectors in the economy. Relying on the most recent data (first quarter of 2016) we see that the largest concentration of self-employment in 2016 could be found in construction (25.3%), followed by wholesale and retail trade (14.3%) and manufacturing (11%). On the other hand, it was rather low in sectors like agriculture, transportation, accommodation, and information and communication. There are also a few sectors where hardly any self-employed people worked, like mining, water supply, or electricity, gas, steam and air conditioning supply. Since the beginning of the crisis in 2008, some changes have occurred. The proportion of self-employment accounted for by construction has decreased significantly (by more than four percentage points). The same applies to the wholesale and retail trade sector, where it has declined by two percentage points. Conversely, it has risen in human health and social work activities, from 2.5% to 10.3% between the first quarters of 2008 and 2016.

Table 3: Share of economic activities classified by NACE Rev.2 among self-employed (% of self-employed in given year)

	2008q1	2016q1	Change 2008q1- 2016q1 (p.p.)
Human health and social work activities	2.5	10.3	7.8
Accommodation and food service activities	4.2	4.8	2.6
Transportation and storage	2.2	4.2	2.0
Information and communication	2.0	2.9	0.9
Real estate activities	0.0	0.8	0.8
Education	0.9	1.5	0.6
Financial and insurance activities	3.3	3.6	0.3
Arts, entertainment and recreation	1.4	1.6	0.2
Other service activities	5.3	4.8	-0.5
Professional, scientific and technical activities	8.9	8.3	-0.6
Manufacturing	11.7	11.1	-0.6
Administrative and support service activities	2.3	1.6	-0.7
Agriculture, forestry and fishing	5.1	4.2	-0.9
Wholesale and retail trade; repair of motor vehicles and motorcycles	16.3	14.3	-2.0
Construction	29.9	25.3	-4.6

Source: Eurostat

Note: Other economic activities classified by the NACE Rev.2 were not present in Slovakia, or there are no reliable data.

According to the findings of the European Foundation for Improvement of Living and Working Conditions (Eurofound, 2016, 23) based on the Sixth European Working Conditions Survey, self-employment in Slovakia is to a large extent the result of personal preferences: 72.4% of the self-employed chose their economic status voluntarily, compared with 14% for whom there was no other work alternative. A combination of both compulsion (i.e. no alternative) and personal preference was quoted by 11%. In the EU as whole the pattern was different: self-employment was the personal preference of 59% of self-employed persons, with 20% saying they had no other work alternative.

Increasing vulnerability in the labour market is indicated by the increase in Slovakia in the number of employees in temporary, casual or seasonal jobs. Whereas in the first quarter of 2010 there were 85,900 people in such jobs, six years later the number had increased to 207,700. The share of such jobs in the total number of employees jumped from 4.5% to 10%. Rising vulnerability is also confirmed by the fact that the

proportion of those doing temporary, casual or seasonal jobs who had been doing them for more than 12 months increased from 9.3% in 2010 to 17.3% 2016.

Table 4: Employees in temporary, casual or seasonal jobs (in thousands)

	2010q1	2016q1
Total number	85,9	207,7
Men	43,1	103,9
Women	42,8	103,8
Age		
15-24 years	19,2	34,2
25-49 years	47,6	130,2
50 years and over	19,1	43,2
Total duration		
Less than 1 month (incl.)	5,4	13,8
More than 1 up to 3 months	13,9	28,9
More than 3 up to 6 months	23,5	56,1
More than 6 up to 12 months	35,0	72,9
More than 12 months	8,0	36,0

Source: Statistical Office of the Slovak Republic, 2016, 2010.

Note: We refer to the first quarter of 2010 because data for 2008 were not available.

Part-time jobs, representing another form of non-standard work, have also been on the increase. Whereas in 2008 only 2.5% of all employees worked on a part-time basis, in 2015 it was 5.8%. More women than men work on a part-time basis. In 2015, 8% of women worked part-time (4.1% in 2008) in contrast to 4% of men (1.3% in 2008). Although the share of part-time employees is still well below the EU average, we are witnessing long-term growth. And this growth is biased towards the younger generation, as the data in Table 5 show. Participation by people aged 15 to 24 years in part-time work grew significantly between 2008 and 2016, by more than eight percentage points. The growth in other age brackets was somewhat more modest. Young people have also shown a higher incidence of involuntary part-time work since the beginning of the crisis (the exception being 2015, the last year for which data are available, when it decreased markedly: but more data points are needed in order to identify whether this is a new trend). In addition, there is another striking trend at the other end of the age spectrum: the increase in involuntary part-time work within the 50-64 age category.

Table 5: Part-time employment (% of total employment) and involuntary part-time employment (% of total part-time employment) in Slovakia

	15-64 years		15-24 years		25-49 years		50-64 years	
	Part-time	Involuntary part-time	Part-time	Involuntary part-time	Part-time	Involuntary part-time	Part-time	Involuntary part-time
2008	2.5	23.0	3.5	n.a.	2.1	26.8	3.3	16.4
2009	3.4	22.3	5.1	27.7	2.7	24.8	4.9	16.2
2010	3.8	27.7	7.4	36.4	3.0	31.3	4.8	17.5
2011	4.0	24.4	6.7	40.1	3.3	27.0	5.1	14.6
2012	4.0	32.1	7.3	47.7	3.2	37.0	5.2	18.7
2013	4.5	32.4	9.2	47.5	3.7	35.0	5.5	21.7
2014	5.1	33.4	11.0	41.3	4.4	34.8	5.2	26.2
2015	5.8	29.9	11.9	28.6	4.9	31.5	6.5	27.3

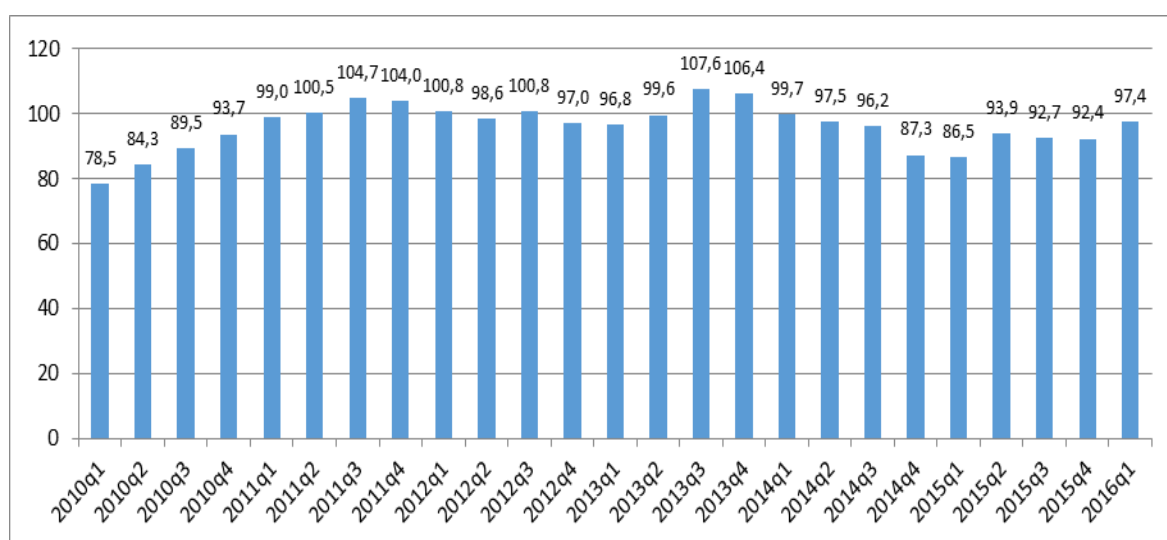
Source: Eurostat

The growth of self-employment in Slovakia has prompted discussion concerning 'dependent' self-employment.² More specifically, the term 'enforced self-employment' has been used by some public policy-makers and trade union representatives to describe the practice by some employers of using self-employed persons to perform the work of standard employees. Self-employed people have the advantage for employers of being less expensive – in terms of lower labour costs, fewer administrative burdens, etc. – as well as being cheaper and simpler to both hire and fire.

The terms 'enforced self-employment' or 'bogus self-employment' are not defined by national legislation. On the other hand, the Labour Code does define 'dependent work' and this definition can be used to identify enforced or bogus forms of self-employment. The definition has been tightened in recent years (in 2013 and 2015) in order to prevent contractual relationships governed by labour law being replaced by other forms of relationship, and to support the transition of people in bogus self-employment into standard employment. Dependent work is defined as "a work carried out in a relation where the employer is superior and the employee is subordinate, and in which the employee carries out work personally for the employer, according to the employer's instruction, in the employer's name, during working time by the employee for a wage or remuneration" (Labour Code, § 1). According to the Labour Code, dependent work may be carried out only in an employment relationship, in a similar labour relationship or - in exceptional cases – in another form of labour-law relationship. It means that dependent work cannot be carried out in a contractual civil-law relationship or in a contractual commercial-law relationship.

Estimates of the extent of bogus self-employment started to be made in 2010, as part of the Labour Force Survey. During the first years of monitoring bogus self-employment increased, with some fluctuations. A peak was reached in the second half of 2013, when there were 107,600 bogus self-employed in the third quarter and 106,400 in the fourth quarter. In 2014 it began to shrink, but more recently it has been increasing again (by more than 12% between the first quarter of 2015 and the first quarter of 2016).

Figure 1: Number of self-employed whose work meets definition of dependent work (in thousands)



Source: Statistical Office of the Slovak Republic

There is only limited evidence on the extent to which self-employed people face higher or lower social risks. According to data from Eurostat, 23% of self-employed people in Slovakia (i.e. employed persons other than employees) were at risk of poverty or

² See for example: <http://dennik.hnonline.sk/ekonomika-a-firmy/571116-falosni-zivnostnici-ostavaju-odhalit-ich-je-velky-problem>

social exclusion, compared with 17% of the total population in 2015. The lack of further empirical evidence remains a challenge for future research. Self-employment is supported by various public policy interventions, including for example preferential tax treatment. In addition, a general support for entrepreneurship is at the heart of macroeconomic policy, including the reduction of administrative burdens, etc. Starting one's own business is also seen as a way to reduce unemployment. One active labour market policy measure aimed at helping registered jobseekers to become entrepreneurs is the 'allowance for self-employment' (§ 49, the Act on Employment Services): this is granted to anyone who has been registered as a jobseeker for at least three months and who becomes self-employed.

2 Description and assessment of social protection provisions for the self-employed and people employed on non-standard contracts

2.1 Description of social protection provisions for the self-employed and people employed on non-standard contracts

The Labour Code defines several atypical (non-standard) forms of employment. A fixed-term employment relationship (*pracovný pomer na dobu určitú*) can be signed for a maximum of two years. It may be extended or renewed at most twice subject to that maximum. Part-time work is officially defined as an employment relationship with reduced working time (*pracovný pomer na kratší pracovný čas*). According to the Labour Code, an employee in an employment relationship with reduced working time must not be privileged or disadvantaged in comparison with 'standard' employees. Their wages should be reduced in proportion to the agreed reduced working time. Job sharing (*delené pracovné miesto*) is defined as a situation where employees involved in an employment relationship with reduced working time agree amongst themselves on the distribution of the working time and content of a job. Home working or telework (*domáca práca a telepráca*) represents an employment relationship in which an employee performs work for an employer at home or at another place, under an employment contract.

Other specific forms of non-standard work are represented by 'agreements on work performed outside an employment relationship' (*dohody o prácach vykonávaných mimo pracovného pomeru*), which can be one of three types: a 'work performance agreement', an 'agreement on work activities' or an 'agreement on a temporary student job'. A work performance agreement refers to work that is limited in its results; while the other two, an agreement on work activities or on a temporary student job, refer to occasional activities limited by the type of work. The working time of those who work under any of these agreements must not exceed 12 hours within any 24-hour period (there is an eight-hour limit for adolescent employees – students).

A work performance agreement can be signed for a maximum of 12 months and the number of hours worked cannot exceed 350 hours per calendar year. The limit applies to the total number of hours worked by someone under all the work performance agreements they have with the same employer.

Under an agreement on work activities, an employee can work for up to 10 hours per week. The agreement can be signed for a maximum of 12 months.

An agreement on a temporary student job can be agreed with secondary-school pupils or students in full-time higher education who are under 26 years of age. The maximum number of hours worked under the agreement cannot exceed 20 hours per week on average. The average is calculated for the whole period covered by the agreement (up to maximum of 12 months).

In terms of the financing of the social protection system, there are no differences between standard forms of employment and the majority of non-standard forms (including part-time work, fixed-term work, job sharing, homework, telework,

temporary agency work), as Table 6 shows. On the other hand, specific social and health contribution rates are applied to the self-employed.³ Employees on work agreements with irregular incomes and students on agreements on a temporary job do not pay contributions towards (and do not benefit from) sickness and unemployment benefit: similarly there are no employer contributions in these cases.

Table 6: Social insurance contributions rates for different employment statuses (2016, % of assessment base)

	Sickness insurance	Pension insurance		Unemployment insurance	Guarantee insurance	Accident insurance	Reserve solidarity fund
		Old-age	Disability				
Persons in 'standard' forms of work							
Employee	1.4	4.0	3.0	1.0			
Employer	1.4	14.0	3.0	1.0	0.25	0.8	4.75
Persons in part-time, fixed-term works, job sharing, homework and telework, temporary agency work							
Employee	1.4	4.0	3.0	1.0			
Employer	1.4	14.0	3.0	1.0	0.25	0.8	4.75
Persons under work agreements, with irregular income⁴							
Employee	0.0	4.0	3.0	0.0			
Employer	0.0	14.0	3.0	0.0	0.25	0.8	4.75
Students on work agreements (on temporary jobs)							
Employee	0.0	4.0	3.0	0.0			
Employer	0.0	14.0	3.0	0.0	0.25	0.8	4.75
Self-employed							
	4.4	18.0	6.0	(2%, voluntary)			4.75

Source: Social Insurance Agency

2.1.1 Healthcare and sickness: cash benefits and benefits in kind

The eligibility conditions for sickness benefit don't differ between standard and non-standard forms of employment (i.e. incapacity for work must be officially certified by a general practitioner or other certified persons). Differences do exist in relation to the level of sickness benefit, as between employees and self-employed persons. During the first three calendar days of incapacity for work, employees receive from their employer income replacement (*Náhrada príjmu*) at the level of 25% of the assessment base;⁵ and from the 4th to 10th calendar day, 55%. From the 11th day they receive sickness benefit (*Nemocenské*), which amounts to 55% of the assessment base. Self-employed people receive sickness benefit at 25% of the assessment base during the first three calendar days, and after that 55%.

Employees on work agreements are also entitled to sickness benefit – but only if they have a regular income.

³ Self-employed people earning less than 50% of the average wage are exempt from compulsory insurance but they can pay contributions on a voluntary basis.

⁴ Social insurance contributions for persons under work agreements with a regular income are equal to those for persons in standard employment.

⁵ The assessment base represents that part of income on which insurance contributions to the respective insurance fund are calculated. In the case of the self-employed it is calculated as approx. 67.3% of average monthly taxable income in the previous year (self-employed people with zero taxable income pay insurance contributions on the 'minimum assessment base', which represents 50% of the national average wage).

2.1.2 Maternity/paternity cash benefits and benefits in kind

Here, the same general principles are applied to all persons, irrespective of type of contract or type of economic activity. Thus, eligibility conditions don't differ between standard and non-standard forms of work. Eligible persons are entitled to maternity benefit (*Materské*), which amounts to 70% of the assessment base. If maternity benefit is lower than the parental allowance (*Rodičovský príspevok*) (see below), an additional benefit is provided in order to cover the difference.

The duration of maternity benefit doesn't depend on type of employment status. It reflects the particular situations that mothers face (number of children, presence or absence of partner, etc.).

Self-employed and people working on non-standard contracts may have more difficulty fulfilling the conditions for maternity benefit,⁶ as a result of income fluctuations or fragmented work history. If they don't meet the conditions, they are entitled directly to parental benefit, which is provided at a lower level that doesn't take into account previous earnings.

2.1.3 Old-age and survivors' pensions

Again, eligibility conditions are the same for all working persons.⁷ The same holds true for the mechanisms for calculating benefit levels. Differences arise in relation to expected levels of old-age pension. As the majority of self-employed persons (more than 70%) pay old-age contributions on the so-called minimum assessment base, there is a significant risk that the level of their future persons will be quite low.

In respect of survivors' pension, there are no differences with regard to eligibility conditions and benefit levels.

2.1.4 Unemployment benefit and social assistance benefits

There are no differences with regard to unemployment benefit and social assistance benefits as between persons in standard and non-standard employment.⁸ The only difference consists in the fact that whereas employees have to pay unemployment insurance contributions, self-employed persons pay it on voluntary basis. The level of unemployment benefit depends on previous earnings, and its duration is the same for all unemployed persons (six months).

Levels of social assistance benefits are defined in absolute terms, reflecting the composition of households and whether certain additional conditions are met. The duration of social assistance benefits is determined by defined conditions.

2.1.5 Long-term care benefits

Long-term care benefits are financed out of taxation. No specific arrangements are applied to persons in self-employment and non-standard contracts.

⁶ Eligibility conditions for maternity benefit include: permanent or temporary residence and 270 days of affiliation to sickness insurance system during the two years before confinement or the start of substitute care of the child (maternity leave can be delegated to a person other than the mother).

⁷ The qualifying period for the first pillar is 15 years of insurance (there has been no qualifying period for the second pillar since 1 January 2015). The retirement age is 62 years and 76 days for all population groups, except for women with multiple children (from 2017 the retirement age will gradually increase depending on the increase in average life expectancy in the reference age). In order to be entitled to an early pension, the following conditions have to be met: a minimum of 15 years of contributions; a minimum amount of early pension (more than 1.2 times the subsistence minimum); submission of an application in the two-year period prior to pensionable age; and being out of work (no contributory earnings).

⁸ The main eligibility conditions include: a) being involuntarily unemployed; b) being registered as a jobseeker at a labour office; c) being capable for work and available to work without any restrictions; d) actively seeking employment; e) no entitlement for old-age pension; and f) at least two years of unemployment insurance contributions during the last three years (four years in case of temporary employment).

Nursing allowance is paid to informal carers who provide intensive care to a disabled person aged 6 years and over. It is paid directly to the carer in the form of a social transfer (paid by the offices for labour, social affairs and family). Its level depends on several factors. If long-term care is provided only to one person, it amounts to 125% of the subsistence minimum (for an adult person) per month. If two or more dependants receive informal long-term care, the nursing allowance equals 162.1% of the subsistence minimum. The allowance is increased by EUR 49.98 per month where someone cares for one or more severely disabled children. The nursing allowance can also be claimed if a dependent person uses day care service or attends a school facility. In these cases, it amounts to 112.01% of the subsistence minimum (152.83% for persons caring for two or more dependants). A carer who receives old-age pension, early pension, or invalidity benefit, is entitled to 46.38% of the subsistence minimum (61.22% if caring for two or more dependants). Nursing allowance is income tested, except for those receiving various types of pension.

The nursing allowance for caregivers cannot be paid if a dependent person receives the personal assistance allowance.⁹ Further, it cannot be combined with the provision of formal home care exceeding eight hours per month, or with weekly or yearly residential services.

Personal assistance allowance is granted to severely disabled persons aged between 6 and 65 years who need financial support to be independent of their relatives and make their own life choices. Persons who are older than 65 years are entitled to the allowance only if they received it before reaching the age of 65 years. Eligibility is determined according to a list of daily activities which require the assistance of other persons. Unlike the nursing allowance, it is subject to tax (paid by the personal assistant). The total amount of the allowance depends on the extent of support provided by the assistant (and partly on income¹⁰). The basic hourly rate for calculating the personal assistance allowance is 1.39% of the subsistence minimum for an adult person.

Informal carers can make use of a respite care service, aimed at helping them to recover and maintain their own mental and physical health. It is provided for a maximum of 30 days per year and is organized by municipalities. During respite leave municipalities must arrange substitute social services for disabled persons. Carers continue to receive the nursing allowance while on respite leave.

2.1.6 Invalidity, accidents at work and occupational injuries benefits

Eligibility for invalidity benefit depends on the extent of the reduction in capacity for work and on a qualifying period (varying according to age), irrespective of type of contract/employment status. The amount of invalidity benefit is calculated in the same way as old-age pension, using a so-called index of invalidity which reflects the percentage reduction in work capacity.

Self-employed people are not, however, covered against accidents at work and occupational injuries.

2.1.7 Family benefits

Family benefits are universal social transfers. Their eligibility depending mainly on life-cycle events (birth, care for child, death, etc.) and residence. Certain additional conditions may apply (age of child, level of declared costs, etc.) – but they are common to both standard and non-standard workers. Thus, eligibility for and amounts of the following are same for all parents, independent of employment status: birth grant (*príspevok pri narodení dieťaťa*), child benefit (*prídavok na dieťa*), parental

⁹ The personal assistance allowance is provided to a dependent person on condition that their relatives don't apply for the nursing allowance.

¹⁰ The allowance is reduced or denied for high-income disabled persons (with income of more than four times the subsistence minimum).

allowance (*rodičovský príspevok*), childcare allowance (*príspevok na starostlivosť o dieťa*), tax benefit (*daňový bonus*) and other family benefits.

2.2 Assessment of the existing social provisions and of the impact of possible extension of their coverage

It is very difficult to assess the existing social provisions in relation to non-standard contracts and self-employment due to the lack of research at the national level. Relying on comparative data from Eurostat, several conclusions regarding the living conditions of persons in non-standard forms of work can be reached.

In terms of the in-work risk of poverty, there is a clear divide between people working on standard and non-standard contracts. The incidence of income poverty among persons working part-time is markedly higher than among persons in full-time jobs. In 2015, the difference was more than 13 percentage points. In addition, whereas poverty among those in standard work remained – more or less – stable between 2008 and 2015, the poverty rate for part-time workers grew substantially, by over eight percentage points in the same period.

Differences can be also identified as between people in permanent and temporary jobs. Being in a temporary job in Slovakia means a higher risk of poverty. In 2015, 7.6% of people in temporary jobs were at risk of poverty, compared with 2.6% of workers with a permanent contract.

Duration of contract and work history/continuity play an important role too. Based on EU SILC estimates, we can see that people who worked for less than 12 months in any year faced a significantly higher risk of in-work poverty than people who worked for the whole monitored period.¹¹

Taking into account data on the incidence of in-work poverty among the total working population, clear patterns emerge. Employees in non-standard employment represent a specific category, characterized by a systematically higher risk of poverty.

Table 7: In-work at-risk-of-poverty rate by various work arrangements (%)

	Working time		Type of contract		Duration - months worked		Total population at work
	Full-time	Part-time	Permanent job	Temporary job	Less than 1 year	1 year	
2008	5.5	10.9	4.7	10.7	14.2	5.4	5.8
2009	4.8	10.8	3.7	7.1	9.5	5.0	5.2
2010	5.2	11.6	3.2	8.7	12.4	5.3	5.7
2011	5.8	18.1	3.6	7.8	13.7	6.0	6.3
2012	5.8	16.4	3.8	7.6	13.0	5.8	6.2
2013	5.3	17.8	3.0	7.3	11.2	5.5	5.7
2014	5.2	11.4	3.7	8.8	13.0	5.4	5.7
2015	5.4	19.0	2.6	7.6	12.1	5.8	6.0

Source: Eurostat

As there are no national data for Slovakia on the social protection coverage (or non-coverage) by type of employment, we have to rely on the results of a comparative study (Matsaganis et al. 2016) in which the risk of not being entitled to social benefits was calculated. The calculation method was based on EU Labour Force Survey data and information from the Mutual Information System on Social Protection (MISSOC). The risk of not being entitled was calculated for three main forms of social protection: unemployment benefit, sickness benefit, and maternity benefit. In respect of unemployment benefit, people in Slovakia who were in a temporary job were the most

¹¹ As the EU SILC data on income poverty refer to the year preceding the date of the survey, the upper limit of the value of the variable 'months worked' equals one year.

at risk. In 2014, 79.5% of persons working full-time in a temporary job were at risk of not being entitled to unemployment benefit. The proportion among persons in a temporary part-time job who were at risk, was 76.9%. These proportions were among the highest in the EU. On the other hand, for employees with a permanent contract, whether full-time or part-time, the proportion of persons at risk was zero. For the self-employed the risk of non-coverage for unemployment benefit was just under 10%.

Looking at the composition of those at risk of not being entitled to unemployment benefit, Slovakia shows some specific characteristics. Whereas in the EU as a whole the self-employed made up the highest proportion of people at risk of not being entitled to unemployment benefit (61%), in Slovakia employees in temporary full-time jobs were the largest group (43.9%). Self-employed people made up 20.2% of the total at risk, and people working in a temporary job 34.9%.

The age of employees plays a crucial role in Slovakia, according to the analysis by Matsaganis and his colleagues. Young people aged 18-24 were most exposed to the risk of not being entitled to unemployment benefit (26.8%). People aged 25 and over tended to be less at risk (6.8% of persons aged 25-49, 4.2% of persons aged 50-59, and 5.5% of persons aged 60-64).

Table 8: Proportion of employed people in Slovakia aged 15-64 at risk of not being entitled to social benefits by type of employment (2014, %)

	Unemployment benefit	Maternity benefit	Sickness benefit
Permanent full-time	0.0	0.0	0.0
Temporary full-time	79.5	40.8	0.0
Permanent part-time	0.0	0.0	0.0
Temporary part-time	76.9	36.6	0.0
Self-employed	9.8	3.5	0.0

Source: Matsaganis et al. (2016)

In relation to sickness benefit, Slovakia was among those countries with the lowest proportion of persons at the risk. The risk of not being entitled to sickness benefit in 2014 was very close to zero. On the other hand, coverage for maternity benefit showed some gaps. Overall, the proportion of persons¹² who might not be eligible for maternity benefit was 3.9%, well below the EU average (7.6%). Taking into account type of employment, persons working in temporary jobs were at the highest risk. The risk of not being entitled to maternity benefit was 40.8% for women working full time with a temporary contract, and 36.6% for women in temporary part-time jobs. Self-employed women were far less at risk (3.5%) – one of the lowest in the EU (the EU average was 46.1%).

As regards the extent to which the social protection system facilitates transitions between employee status (or unemployment) and self-employed activity, the attractiveness of self-employment plays an important role. According to the Institute for Financial Policy (2014: 11): “preferential tax treatment for the self-employed spurs tax evasions and ‘false self-employment’. There is a mounting evidence that non-negligible amount of the self-employed could be considered to be ‘false self-employed’, as they work every day for the same employer, thus bypassing tax obligations. Moreover, the self-employed have wider opportunities to fail to declare the income and register for social security as opposed to the employees. There are especially wider opportunities to include part of the personal consumption into the business costs”. Thus, there is an evidence that self-employment is used for under-reporting of income.

¹² The analysis focuses on women aged 15-49 instead of the broader age group (Matsaganis et al., 2016: 33).

As we have shown in previous paragraphs, there are some differences in social protection coverage between standard workers and the self-employed. When we look at these differences, the question is whether an extension of the social protection coverage of the self-employed would bring any distinctive results. Social risks faced by self-employed persons stem mainly from the fact that their work trajectories are more often fragmented, with more fluctuating incomes. The same applies to persons in non-standard work. The introduction of individual social security accounts would help self-employment persons to monitor their contributions and entitlements, but the effects on their socio-economic position are still unclear.

3 Conclusions and recommendations

Generally speaking, there are few significant differences in social protection between persons in standard and non-standard forms of employment in Slovakia. There are differences in the financing of contributory schemes – i.e. in social and health insurance rates. Here, the main dividing line can be drawn between employees and self-employed persons. Students and persons working under work agreements that have irregular income differ from persons in standard forms of employment in having lower contribution rates.

The division between permanent and temporary jobs seems to be a key aspect of uneven social protection coverage in Slovakia. People in temporary jobs are the most at risk of not being entitled to social benefits. This applies to people in temporary jobs with a full-time as well as a part-time contract. It means that the higher risk of poverty among people in temporary jobs can be explained by a more fragmented work history, which doesn't allow for the accumulation of adequate resources or for the fulfilment of existing criteria for social benefits. In addition, persons in temporary jobs who do meet eligibility conditions (which are to a large extent the same for all workers) may receive lower benefits due to the fact that they have lower incomes and, thus, a lower assessment base. This problem relates only to the benefits that are based on the insurance principle. Other benefits – like family benefits – are provided according to the logic of “by reference to life-cycle events, and not by reference to previous earnings.

Non-standard employment and its coverage by the social protection system has been a subject of public debate for a long time. Gaps in coverage, and different levels of social protection as between standard and non-standard work, have been seen - especially by representatives of trade unions - as showing the inadequacy of the social protection system, caused by a desire to labour costs. The situation of persons on work agreements may serve as an example. Until 2013, those on work agreements were exempted from social and health insurance payments and enjoyed much weaker employment protection. Employing a person on a work agreement was much cheaper than employing them on a standard contract. Discussions resulted in reforms of some parts of the social protection system, which harmonized the status of non-standard workers with those in standard employment. In 2013 and 2015 new legislation increased the protection of people on work agreements and harmonized the social contributions regime for these contracts with the regime for standard contracts.

Annex 1

SUMMARY TABLE: ACCESS TO SOCIAL PROTECTION: SELF-EMPLOYED

	On her/his own account	With employees (self-employed employer)	Dependent on single client	Dependent on contractual relationship with client	Liberal professions (e.g. doctor, notary, lawyer)
Healthcare - cash benefits and benefits in kind	full	full	full	full	full
Sickness - cash benefits and benefits in kind	full	full	full	full	full
Maternity/paternity - cash benefits and benefits in kind	full	full	full	full	full
Old age pensions (preretirement benefits and pensions)	full	full	full	full	full
Survivors pensions and death grants	full	full	full	full	full
Unemployment benefits	full	full	full	full	full
Social assistance benefits	full	full	full	full	full
Long-term care benefits	full	full	full	full	full
Invalidity benefits	full	full	full	full	full
Accidents at work and occupational injuries benefits	none	none	none	none	none
Family benefits	full	full	full	full	full

Note from authors: Access to social protection depends on paying contributions (in case of social insurance schemes) or on life cycle events (in case of family benefits). Persons who work must pay contributions and thus they have full access to social protection.

SUMMARY TABLE: ACCESS TO SOCIAL PROTECTION: CONTRACTUAL EMPLOYMENT (NON-STANDARD CONTRACTS)

	Full-time employee	Part-time employee	Fixed-term employee	Temporary agency worker	Casual and seasonal workers	On-call workers	Zero-hour workers	Apprentices	Paid trainees
Healthcare - cash benefits and benefits in kind	Full	Full	Full	Full	Full	Full	NA	NA	NA
Sickness - cash benefits and benefits in kind	Full	Full	Full	Full	Full	Full	NA	NA	NA
Maternity/paternity - cash benefits and benefits in kind	Full	Full	Full	Full	Full	Full	NA	NA	NA
Old age pensions (preretirement benefits and pensions)	Full	Full	Full	Full	Full	Full	NA	NA	NA
Survivors pensions and death grants	Full	Full	Full	Full	Full	Full	NA	NA	NA
Unemployment benefits	Full	Full	Full	Full	Full	Full	NA	NA	NA
Social assistance benefits	Full	Full	Full	Full	Full	Full	NA	NA	NA
Long-term care benefits	Full	Full	Full	Full	Full	Full	NA	NA	NA
Invalidity benefits	Full	Full	Full	Full	Full	Full	NA	NA	NA
Accidents at work and occupational injuries benefits	Full	Full	Full	Full	Full	Full	NA	NA	NA
Family benefits	Full	Full	Full	Full	Full	Full	NA	NA	NA

Note from authors: Access to social protection depends on paying contributions (in case of social insurance schemes) or on life cycle events (in case of family benefits). Persons who work must pay contributions and thus they have full access to social protection.

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