



Peer Review on “The rise of precarious work (including bogus self-employment) – causes, challenges and policy options”

The Hague, The Netherlands, 19-20 April 2018

Executive Summary

The Peer Review provided the opportunity to discuss and exchange information on the main challenges and trends affecting policy discussions around precarious work (including some forms of solo self-employment), and exchange views on policy responses implemented and planned in different European countries. The discussion mainly focused on the different trends in the participating countries, with some experiencing sharp increases in the number of workers in non-standard employment and self-employment, and differences in relation to the typology and nature of non-standard employment (e.g. ‘zero hour’ contracts, hybrid forms of self-employment) and other labour market characteristics (e.g. highly segmented labour markets such as in Italy and Spain versus labour markets with absence of non-standard employment such as in Finland and Norway). The causes and difficulties in finding adequate policy responses to the multifaceted phenomena of precarious work and solo self-employment were also discussed.

The event was hosted by the Dutch Ministry of Social Affairs and Employment and brought together government representatives and independent experts from nine additional countries, namely Belgium, Croatia, Estonia, Ireland, Italy, Latvia, Norway, Sweden and Spain. Other participants included representatives from the European Commission and Eurofound.

Key learning messages from the Peer Review

- There are significant differences across European countries in relation to key labour market dimensions such as levels of unemployment, typology of work arrangements, legal frameworks, taxation and social security systems. Similarly, significant differences exist in relation to recent labour market trends as well as causes for different trends. Some countries are still recovering from the economic crisis while other countries like the Netherlands, Norway and Sweden have high employment rates. Overall, the proportion of the labour force who work in non-standard working arrangements has increased over the years, in some countries more than others (the Netherlands, Italy, Spain, Croatia). Some countries, including the Netherlands, have also experienced a significant rise in solo self-employment.
- A number of non-standard working arrangements were identified at the Peer Review with relevant differences across countries. Non-standard working arrangements include different and new forms of temporary work (e.g. temporary agency work, ‘zero hour’ contracts and ‘if and when’ contracts), as well as hybrid forms of working arrangements where workers are legally positioned between employees and self-employed (e.g. collaborators) and some forms of solo self-employment (mainly solo self-employed who can be defined as bogus self-employed (e.g. self-employed forced by employers to avoid taxation) and/or involuntary self-employed (e.g. workers who became self-employed due to lack of opportunities in regular employment)).

- Whilst non-standard work is not necessarily synonymous with precarious work, several aspects that characterise precarious work are also often found in non-standard work arrangements. Entitlement to, and access to, social security systems, pensions and taxation systems and industrial relation systems vary significantly across Member States for non-standard work with significant impact on the level of segmentation in the labour market and protection of workers in the labour market. Many solo self-employed are not insured for sickness and disability and do not save enough funds for their future pension. Moreover, workers with non-standard work arrangements and solo self-employed are often not covered by collective bargaining and do not have access to trade unions, thus further weakening their position in the labour market. Moreover, workers in non-standard work arrangements are more likely to be low-income earners, face in-work poverty, poverty in old age due to lower pensions, have limited access to credit and life-long learning measures. As such, a growing number of workers in a non-standard work, including solo self-employed, can be considered as precarious workers.
- Different forms of non-standard work and solo self-employment (including bogus self-employment) are found across various sectors, including agriculture, transport, services (e.g. HORECA, online distribution of food and goods), hospitality, health, education and media.
- Workers in precarious employment are particularly made up of young people attempting to enter the labour market and for whom the 'stepping-stone' mechanism from temporary towards permanent employment did not work. Another large group is older people who lost their jobs in the recent economic recession and are facing difficulties in re-entering stable employment. Women also comprise a large proportion of precarious workers. Precarious workers are also found across highly skilled workers (e.g. platform workers, journalists) and low skilled workers.
- Precarious work is related to several possible underlying causes. From the Peer Review it emerged that in some countries with high unemployment rates, policy responses to globalisation included labour market reforms aimed at supporting competitiveness by increasing flexibility and deregulation in the labour market. Therefore, globalisation coupled with labour market reforms were identified as key factors for the rise in non-standard and precarious employment. A fast-changing world of work, new consumption models (e.g. online service platforms) and the digitalisation of work were also reported as important factors leading to new forms of work arrangements.
- It clearly emerged from the Peer Review that the multiple issues connected to non-standard work arrangements require tailored and focussed policy responses. Notwithstanding the striking differences across European countries and the complexity of precarious work, common solutions and /or transferable lessons were identified. For example, universal access to social security systems regardless of the labour market position would provide workers with a minimum level of coverage, thus making the transitions across different work arrangements and/or in and out of the labour market throughout their working life much smoother. In addition, national legal frameworks and policy measures should allow for a clear definition of work arrangements and workers' entitlement (for example in relation to solo self-employment status, where often workers found themselves in a situation where all elements of subordination coexist without the protection guaranteed to employed workers). This should be combined with effective enforcement strategies to prevent misuse of policy instruments (e.g. vouchers) and non-standard work arrangements (e.g. zero-hour contracts, bogus self-employment). For example, many self-employed have opted towards this form of work arrangements which allows companies and workers to pay less taxes by transferring responsibility to workers. The low level of involvement of social partners with workers in non-standard employment should be discussed to consider innovative ways of representation (for example the quasi-

unions in Italy). There is also a role for new actors in providing tailored services to non-standard workers (e.g. information, training).