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# Making Social Protection more Inclusive:

## Non-standard Employment and Self-Employment

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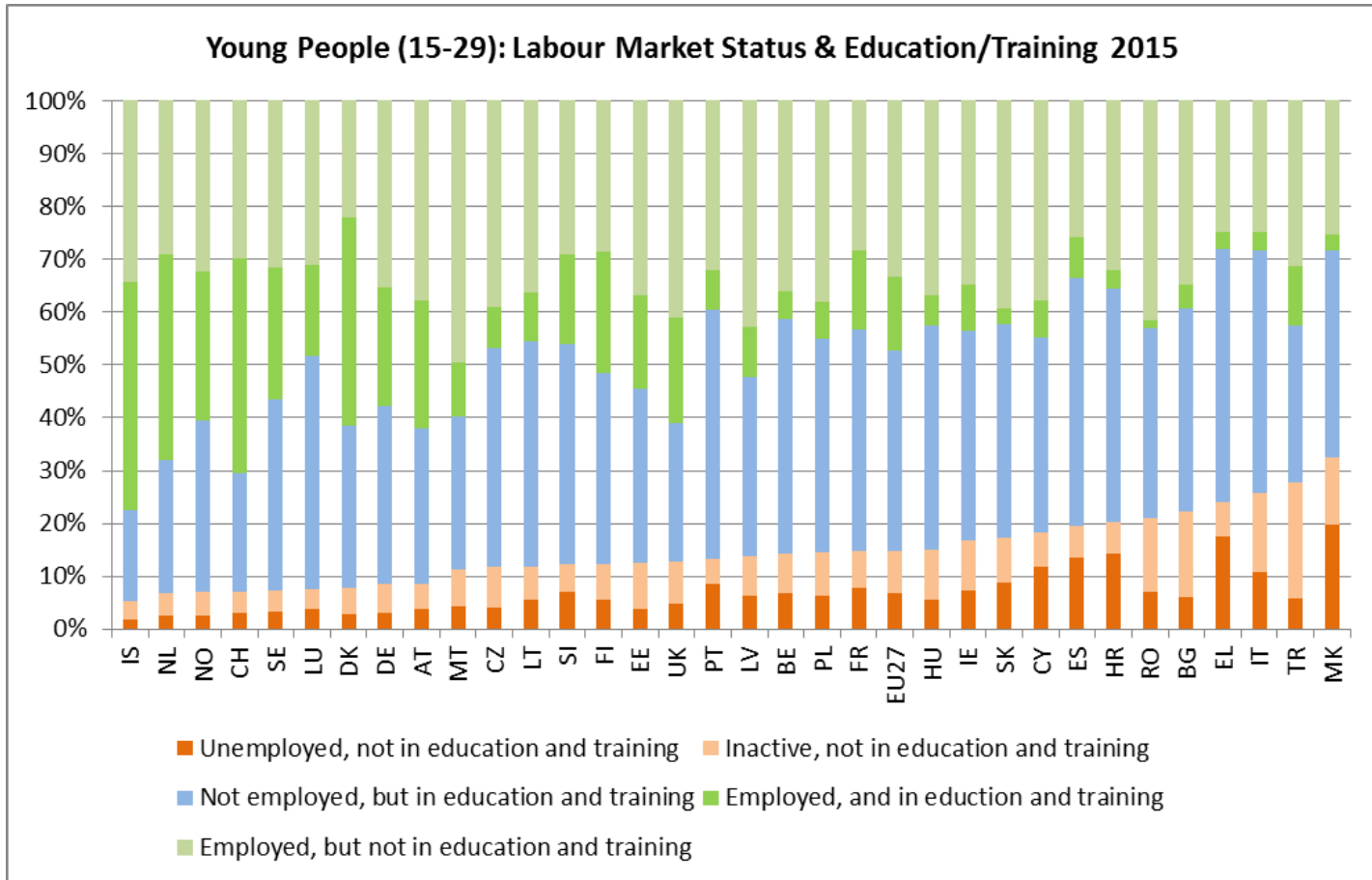
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Annual Convention  
for Inclusive Growth

April 24, 2017 > MCE, Brussels

#ACIG2017



## Social inclusion of young people

**Focus of the debate** for a long time mainly **concentrated** on:

- ▶ Bringing young people into employment,
- ▶ Education, training and active/activating labour market policies (ALMP).

**Less emphasis** on **social inclusion** of young people

- ▶ in employment,
- ▶ in education and training,
- ▶ in case of unemployment,
- ▶ in case of illness,
- ▶ regarding future old-age, etc.

⇒ **Inter alia depending on access to and adequacy of social protection schemes.**

## Traditional social protection schemes...

- ▶ have historically been primarily developed for workers in standard forms of work,
- ▶ i.e. for workers in continuous, dependent, full-time employment.

## But post-industrialization, globalization, digitalization etc...

- ▶ made employment opportunities more diverse,
- ▶ with a rising share/incidence of discontinuous employment and low wage employment
- ▶ and so called “non-standard forms” of employment like (marginal) part-time employment, temporary employment, agency work and also (new forms of) self-employment (regarding the latter with differentiations according to countries and sectors),
- ▶ With the latter likely to constitute a steadily rising share of job-opportunities in the future, notably for the young.

⇒ **Need for adaptation of social protection schemes?!**

## Principles of social protection schemes

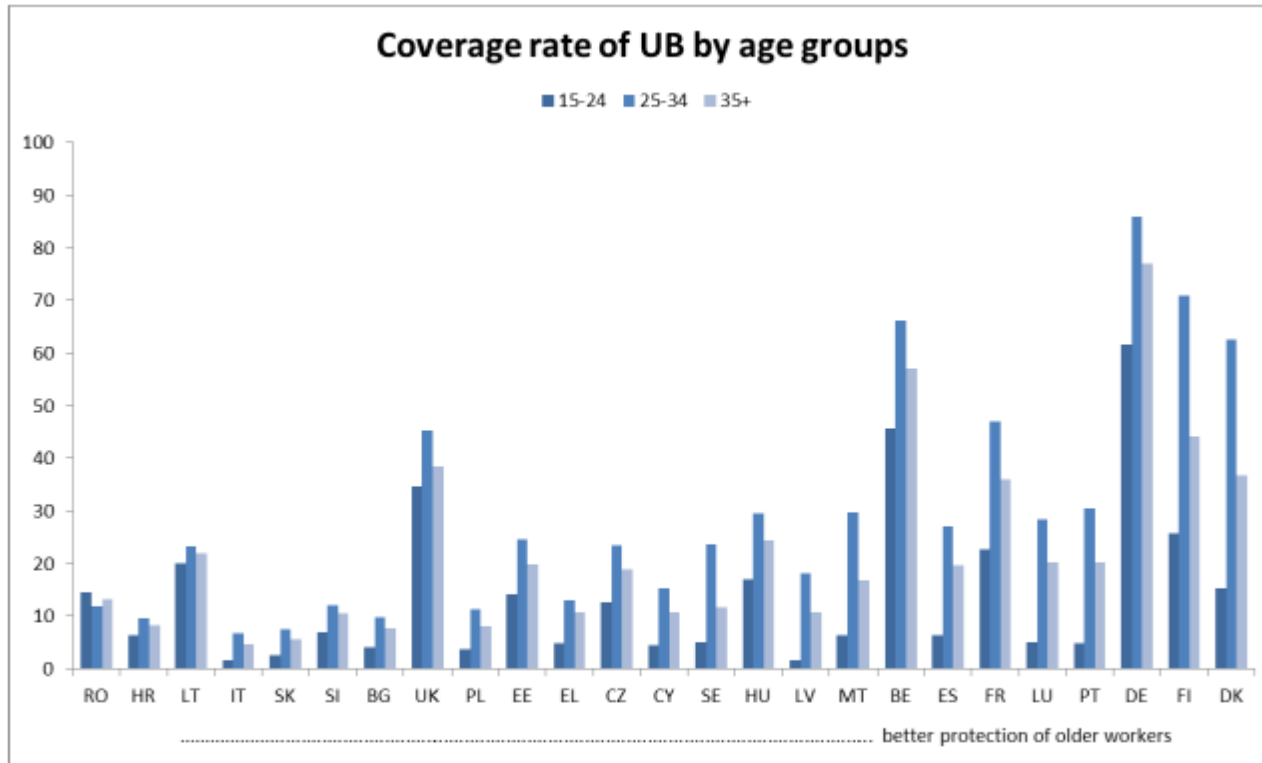
Universal	Insurance-based
<b>Coverage</b>	
<ul style="list-style-type: none"> <li>▪ Denizenship; Citizenship</li> </ul>	<ul style="list-style-type: none"> <li>▪ <u>Employment</u> (or family) <u>status</u></li> <li>▪ <u>Mandatory</u> or <u>voluntary</u></li> </ul>
<b>Access to benefits / services</b>	
<ul style="list-style-type: none"> <li>▪ Definition of social risk</li> <li>▪ Means-test?</li> </ul>	<ul style="list-style-type: none"> <li>▪ <u>Insurance/employment record</u> („insurance principle“)</li> <li>▪ Definition of social risk</li> <li>▪ Means-test?</li> </ul>
<b>Adequacy of benefits / services</b>	
<ul style="list-style-type: none"> <li>▪ Level of cash benefits</li> <li>▪ Duration of cash benefits</li> <li>▪ Quality of services/benefits in kind</li> </ul>	<ul style="list-style-type: none"> <li>▪ Level of cash benefits („<u>principle of equivalence</u>“?!)</li> <li>▪ Duration of cash benefits („<u>principle of equivalence</u>“?!)</li> <li>▪ Quality of services/benefits in kind</li> </ul>

## Challenges

... Especially (but not only!) evident regarding insurance based schemes, due to (inter alia):

- ▶ gaps in coverage:
  - ▶ Self employed: esp. unemployment insurance, accidents at work and occupational injuries, sickness benefits
  - ▶ Marginal part-time employees, specific “new” types of self-employed, casual and seasonal workers, apprentices, trainees, “student workers”, on-call workers etc.
- ▶ strict rules on benefit access (esp. employment/insurance record),
- ▶ low levels of benefits after low-income employment (principle of equivalence),
- ▶ complicated rules/regulations (esp. for self-employed),
- ▶ “under-insurance” (self-employed at minimum levels, under-declaration of income).

Coverage rates of UB by age, 2013



Source: LFS.

Source: Maquet et al. 2016

**Proportion (%) of those unemployed for 3 months or more in receipt of benefits by gender and age, 2011**

	Men				Women			
	15-24	25-49	50-59	Total	15-24	25-49	50-59	Total
IT	1.2	8.6	15.3	7.7	0.4	5.1	13	4.8
SK	3.3	9.1	13.1	8.5	4.3	10.2	14.2	9.9
BG	4	8.9	13.5	8.8	5.2	10.9	14.1	10.7
LV	7	10	16	10.8	15.4	14.2	22.3	16.5
PL	3.9	15	20.4	12.9	3.8	11.4	17.5	10.5
HR	5.9	16.2	32.9	16.3	1.5	16.3	29.3	16.2
LT	14.8	16.3	20.5	16.9	22.7	20.9	15.6	19.7
EE	17.4	13.4	9	13.3	19.4	28.6	32	27.8
CZ	17.4	18.7	39.4	23.6	7.9	22.6	26.7	21.2
RO	16	20.9	25.3	20.1	18.3	23.1	38.3	22.8
CY	11	25.7	31.1	22.4	5.1	24.6	46.2	21.6
EL	8.8	28.8	32.5	26.3	6.4	22.6	21.7	19.8
SI	10.7	39.3	63.3	39.8	8.9	25.6	56.5	27.7
SE	8.8	33.9	42.2	26.9	4.3	31.5	30.9	23.5
MT	6.5	47.1	59.1	37.4	5.5	14.3	38.7	14.5
LU	17.7	40.1	53.8	37.7	30.7	35.8	37.6	34.7
PT	8.8	40.1	45.5	35.3	9.2	38.5	55.2	31.5
ES	11	49	64.4	44.3	8.8	36.8	38.4	32.2
HU	32	45.3	50.2	43.8	22.2	47	47.4	43.3
FR	26.3	50.2	57.8	46	24.2	46.5	55.5	43.5
AT	35.1	64.5	80.7	58.8	23.5	60.1	55.2	50.1
DK	22.2	67.2	79.5	56.4	21.2	62.7	74.3	55.8
BE	49.1	70.6	80.6	67.5	52.5	74.2	84.8	71.5
FI	26.6	81.4	83.7	69.7	23.8	78.7	86.3	67.3
DE	60.5	91.4	89.6	86.4	62	84.4	83.1	80.7
EU28	16.7	41.5	52	38.1	15.5	34.6	43.8	32.4

*Note: No data available for IE, NL and UK. EU excludes these. Missing figures denote data unreliable because of small sample size; figures in italics involve a relatively high degree of uncertainty for the same reason.*

*Source: Eurostat, LFS*



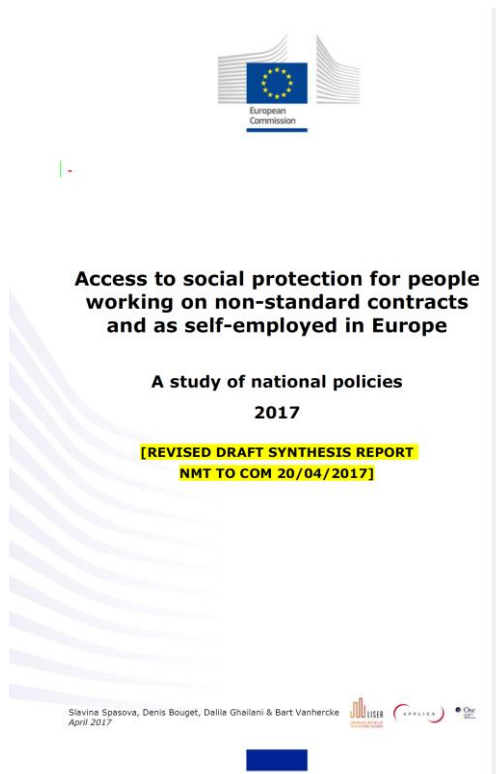
## Reform options (with an emphasis on cash benefits)

- ▶ Increasing coverage:
  - ▶ Universal systems
  - ▶ Insurance coverage of all forms of employment
  - ▶ (?”abolition” specific forms of employment?)
- ▶ Increasing accessibility of benefits
  - ▶ Easing access (softening rules on insurance record etc.)
- ▶ Increasing adequacy of benefits
  - ▶ Softening principle of equivalence; minimum benefits/floors
  - ▶ consider measures to fight against under-declaration of income and tax-avoidance
- ▶ Other
  - ▶ Tailor *specific rules* of social protection schemes to allow people in non-standard employment and self-employed to build up adequate entitlements

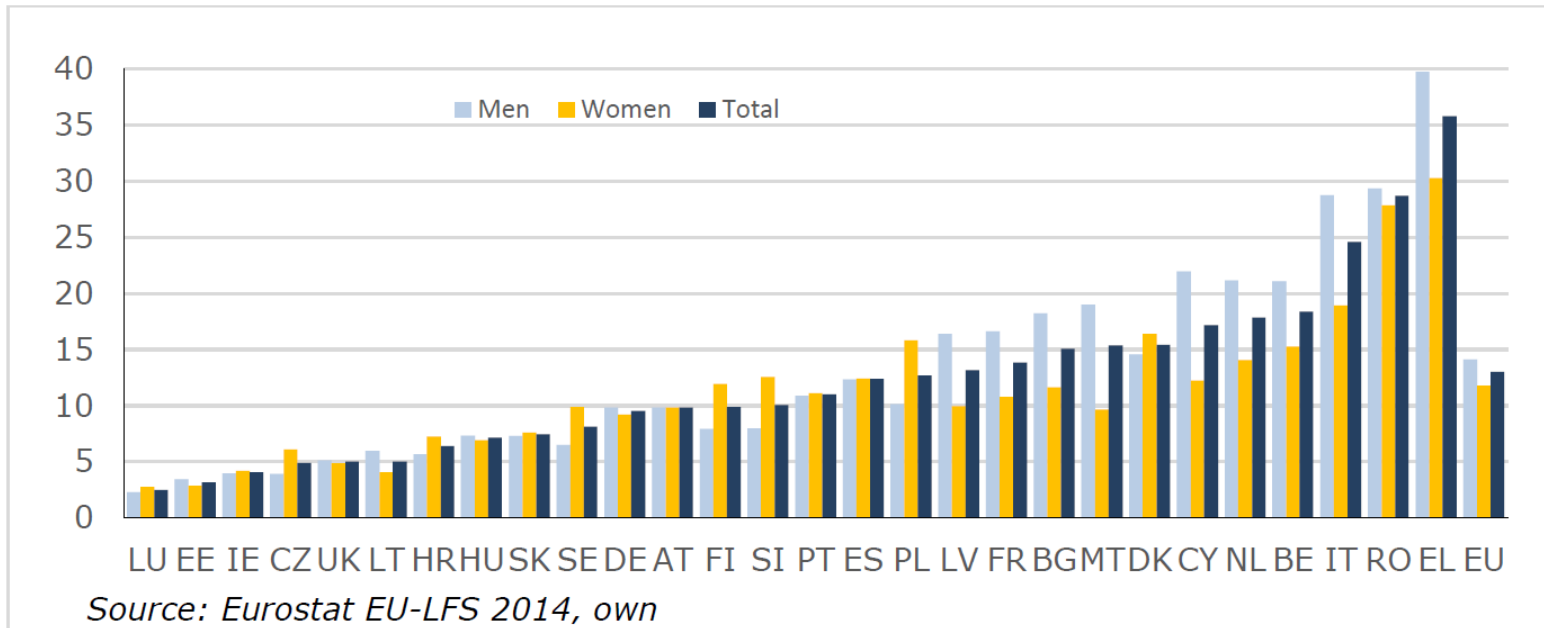
Thank You!

ESPN: European Social Policy Network:

<http://ec.europa.eu/social/main.jsp?catId=1135&langId=en>



**Figure 3 Proportion of employed people aged 15-64 at risk of not being entitled to unemployment benefits by sex, 2014 (%)**



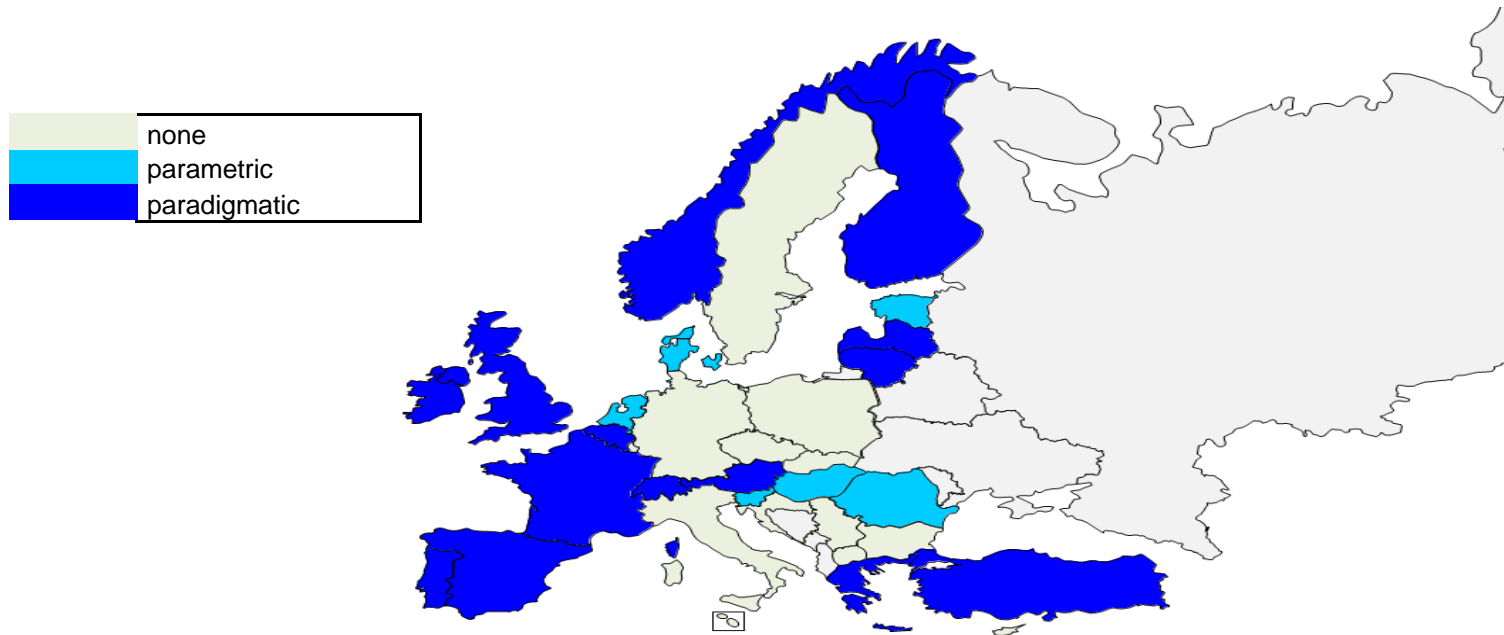
**Table 4 Distribution by type of work of employed people aged 15-64 at risk of not being entitled to unemployment benefits, and share of work concerned in total employment, 2014**

	% total of those at risk				% total employed			
	Temporary full-time	Temporary part-time	Self-employed	Family worker	Temporary full-time	Temporary part-time	Self-employed	Family worker
BE	14.7	8.6	72.1	4.5	4.3	3.1	13.2	0.8
BG	13.7	1.5	80.4	4.3	3.7	0.6	12.1	0.7
CZ	56.1	19.2	12.7	11.9	5.5	1.8	17.1	0.6
DK	12.4	12.8	31.7	1.0	4.9	2.4	8.0	0.2
DE	21.0	15.6	60.0	3.4	8.5	3.0	9.9	0.3
EE	58.1	13.1	21.8	7.0	2.2	0.5	8.9	0.2
IE	28.1	28.8	23.8	17.1	1.9	2.3	16.1	0.7
EL	0.9	0.6	85.9	12.6	5.1	2.5	30.7	4.5
ES	50.5	29.8	14.9	4.8	12.8	6.6	17.1	0.6
FR	13.6	2.6	80.8	3.0	9.2	3.4	11.2	0.4
HR	65.6	5.0	9.7	19.8	13.0	1.4	13.4	1.3
IT	2.3	1.3	91.0	5.4	6.2	3.5	22.4	1.3
CY	2.1	1.0	88.8	8.1	14.0	1.8	15.2	1.4
LV	11.6	2.3	80.5	5.6	2.4	0.5	10.6	0.7
LT	38.7	5.4	31.2	24.7	2.1	0.3	10.6	1.2
LU	15.4	1.8	63.8	18.9	5.8	1.7	7.9	0.5
HU	78.7	9.9	7.1	4.4	8.6	1.3	10.7	0.3
MT	7.4	6.3	86.4	0.0	3.8	2.9	13.2	0.0
NL	1.5	2.9	92.9	2.8	2.3	5.5	16.4	0.5
AT	13.6	7.4	66.0	13.1	6.3	1.7	10.9	1.3
PL	50.3	9.3	11.1	23.6	19.6	2.8	17.9	3.0
PT	64.3	12.7	18.5	4.5	13.6	2.6	16.3	0.5
RO	2.1	0.1	60.2	37.6	1.0	0.1	18.4	10.8
SI	27.5	18.5	6.8	45.6	10.4	3.3	12.1	4.5
SK	43.9	34.9	20.2	1.1	4.1	3.4	15.4	0.1
FI	21.9	22.8	11.7	3.1	9.4	4.0	11.7	0.3
SE	21.2	47.7	9.9	1.5	7.2	6.1	9.3	0.1
UK	24.9	16.7	54.2	4.2	1.7	1.1	14.5	0.2
EU	18.9	9.0	61.1	9.2	7.7	3.0	14.6	1.2

Note: The figures for DK, IE, PL, I, FI and SE do not sum to 100 because those at risk also include some with permanent contracts of employment – see Table 2a below

Source: Eurostat, EU-LFS and own calculations

## Recent reforms on extension of statutory access for self-employment



## Formal coverage: self-employment

Country	Healthcare	Family benefits	Long-term care	Social assistance	Survivors' pensions	Old-age	Incapacity	Unemployment benefits and cash benefits by parental/	Sickness benefits	Injuries and occupational	at work	Unemployment benefits
HU	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
LU	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
IS	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
RS	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full
HR	Full	Full	Full	Full	Full	Full	Partial	Full	Full	Full	Full	Full
SI	Full	Full	Full	Full	Full	Full	Full	Full	Partial	Full	Full	Full
FI	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Partial
SE	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Partial
PT	Full	Partial	Partial	Full	Full	Full	Full	Full	Partial	Voluntary opt-in	Partial	Full
EE	Full	Full	Full	Partial	Full	Full	Full	Partial	Full	Partial	Partial	Partial
AT	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Voluntary opt-in
DK	Full	Full	Full	Full	N/A	Full	Full	Full	Full	Voluntary opt-in	Partial	Partial
CZ	Full	Full	Full	Full	Full	Full	Full	Voluntary opt-in	Voluntary opt-in	Full	Full	Full
PL	Full	Full	Full	Full	Full	Full	Full	Voluntary opt-in	Voluntary opt-in	Full	Full	Partial
ES	Full	Full	Full	Full	Full	Partial	Full	Full	Full	Voluntary opt-in	Voluntary opt-in	Voluntary opt-in
RO	Full	Full	Full	Full	Partial	Partial	Partial	Partial	Voluntary opt-in	Voluntary opt-in	Voluntary opt-in	Voluntary opt-in
MK	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	None
MT	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	Full	None
SK	Full	Full	Full	Full	Full	Full	Full	Full	Full	None	None	Full
EL	Full	Full	Full	Full	Full	Full	Full	Partial	None	Partial	Partial	Partial
UK	Full	Full	Full	Full/Partial	Partial	Partial	Partial	Partial	Partial	Partial	None	Partial
NL	Full	Full	Full	Full	Full	Partial	Voluntary opt-in	Partial	Voluntary opt-in	Voluntary opt-in	None	None
BE	Full	Full	Full	Full	Full	Full	Full	Full	Full	None	None	None
CY	Full	Full	Full	Full	Full	Full	Full	Full	Full	None	None	None
LT	Full	Full	Full	Full	Full	Full	Full	Full	Full	None	None	None
LV	Full	Full	Full	Full	Full	Full	Full	Full	Full	None	None	None
NO	Full	Full	Full	Full	Full	Full	Full	Full	Partial	None	None	None
FR	Full	Full	Full	Full	Full	Full	Full	Partial	Partial	None	None	None
TR	Full	Full	Partial	None	Full	Full	Full	Full	Partial	Full	None	None
IE	Full	Full	Full	Full	Full	Full	None	Full	Partial	None	None	Partial
IT	Full	Partial	Partial	Full	Full	Full	Partial	Full	None	Full	None	None
DE	Full	Full	Full	Full	Partial	Partial	Partial	Partial	Partial	Voluntary opt-in	None	None
BG	Full	Full	Full	Full	Full	Full	Full	Full	Voluntary opt-in	None	None	None
LI	Full	Full	Full	Full	Full	Full	Full	Voluntary opt-in	Full	None	None	None
CH	Full	Full	Full	Partial	Partial	Partial	Partial	Full	None	None	None	None