

EISS Conference 2021 Zagreb

Tackling new forms of work in social security

University of Zagreb, 23 - 24 September 2021

Social protection for non-standard workers and the self-employed in the EU. Lessons from the Covid-19 pandemic

Slavina Spasova

Senior Researcher, European Social Observatory (OSE)

Outline of the talk

I. Access to social protection for non-standard workers (NSE) and the self-employed (SE) in the EU: an overview


II. Lessons from the Covid-19 pandemic

III. Conclusions and future perspectives

I. Access to social protection for non-standard workers and the self-employed in the EU: an overview

I. Access to social protection for non-standard workers and the self-employed in the EU: an overview

❖ Non-standard workers

- ✓ A natural person having a contract with an employer which falls outside of a 'standard working relationship', i.e. defined as full-time open-ended contracts
 - Same **statutory access** to social protection as standard workers
- 
- **No or only partial** statutory access to some contributory schemes for certain categories of employment
 - ✓ Seasonal work (RO, LV, HU, MT, LT), mini-jobbers (DE), marginal part-timers (AT), Civil law contracts (PL), Agreement to perform a job (CZ)

I. Access to social protection for non-standard workers and the self-employed in the EU: an overview

- **Effective access for NSE** may be hindered by contributory conditions. Some examples:
 - ✓ **Unemployment benefits**
 - In no less than 15 MS, the qualifying period stands at one year and even two years in two countries.
 - In 21 MS, the duration of benefits varies by length of contributions or age, or a combination of both conditions.

I. Access to social protection for non-standard workers and the self-employed in the EU: an overview

- Estonia: 36% of newly registered unemployed people receive neither unemployment benefits (insurance-based) nor unemployment allowances (means-tested), partially due to the lack of the required employment record (2016).
 - Finland: 86% standard workers, full time fixed-term 64.6%, part-time permanent 61.1%, part-time fixed term 51.6%, zero-hours contract 47.4% (2016).
- ✓ **Maternity benefits**
- In 1/3 Member States, the minimum contribution period is null or quasi null; for another 1/3, it is 6 months; close to 12 months for the others

I. Access to social protection for non-standard workers and the self-employed in the EU: an overview

- ❖ **Self-employed** a wide variation in access to social protection:
 - **Among countries**
 - **Within a country**
- ✓ Depending on the benefit schemes (contributory vs non-contributory)
- ✓ Depending on the categories of the self-employed
- ❖ Historical categories (e.g. liberal professions, farmers), newly created statuses ('auto-entrepreneur' in France), 'dependent self-employed' (e.g. DE, ES, IT, PT)

Main gaps in statutory access to social protection for the self-employed

Insurance-based social protection schemes	No access	Access available	
		Mandatory	Voluntary
Unemployment	BE, BG, CY, EE ^a , IT ^b , NL, LT ^b , LV 33%	CZ, FR ^b , IE ^{bc} , HR, HU, LU, MT, PL, SI	AT, DE, DK, EL ^b , ES, FI, RO, SK, SE
Accidents at work and occupational diseases	BE ^e , NL ^b , LV 33%	EE, EL, HR, HU, IT, PL, LU, MT, SE, SI	AT ^c , DK, DE, ES ^d , FI ^d , FR ^b , PT, RO ^d
Sickness benefits	EL ^b , IE ^a , IT 11%	AT ^c , BE, CY, DE ^c , DK, ES ^d , FI, FR, HR, HU, LU, LT, LV, MT, PT ^c , SE, SI, SK ^c	BG, CZ, EE, NL, PL, RO ^d

a) Access only to means-tested benefits b) Access only for certain categories of SE c) OPT- OUT and exemptions d) Compulsory /voluntary access depending on the category of SE e) access to equivalent benefits

I. Access to social protection for non-standard workers and the self-employed in the EU: an overview

- ❖ **Self-employed: effective access** to social protection. In most cases, same access rules as for workers.
- ❖ Issues
 - **Qualifying conditions tailored to salaried employment**
 - **Shorter duration of benefits** (unemployment in FR, ES, EL; sickness benefits in AT, PT)
 - **Waiting periods sickness benefits** (BE, EE, HR, LU, PL, SE, SI, PT)

I. Access to social protection for non-standard workers and the self-employed in the EU: an overview

- **‘Cessation of activity’ requirements for unemployment benefits**
- **Voluntary access, opt- out and exemptions**
 - ✓ Romania: only **10 %** of the self-employed are covered for old-age benefits, invalidity, sickness or maternity benefits (2016).
 - ✓ Czech Republic: only **15%** of SE (main economic activity) contribute to sickness insurance (2016).
 - ✓ Finland: coverage of the second-tier voluntary unemployment insurance: solo self-employed: 20%; and for self-employed with employees only about 10%

I. Access to social protection for non-standard workers and the self-employed in the EU: an overview

- **The way the income assessment base is determined**
 - ✓ Income paid on long previous periods of earnings, upfront payments (advance social security payments), payments of arrears
 - Latvia: 85%-90% of self-employed pay contributions based only on a minimum monthly wage.
 - Spain: the average monthly base of the self-employed is approximately 36% lower than that of salaried workers. 86.1% of self-employed are insured at minimum contribution base.
- **Underreporting or non reporting income**
- **Low level of benefits incentive not to contribute**

I. Access to social protection for non-standard workers and the self-employed in the EU: an overview

❖ Recent reforms on granting/ improvement of access for the SE (2017-2020)

- Maternity leave: improvement of conditions (BE, DK)
- Invalidity: IE
- Unemployment insurance: DK (harmonization SE/workers), FR, IE, MT (access to UB), ES (mandatory)
- Sick leave benefits: reducing the waiting period (BE, PT)
- Changes in the way the income base is calculated: PT, PL
- Administrative burden reduction: EE, FI

II. Lessons from the Covid-19 pandemic



Ose
European
Social
Observatory

II. Lessons from the Covid-19 pandemic

❖ A variety of emergency measures: making social protection schemes more generous and accessible

❖ Unemployment benefits

- Most MS have modified the main parameters of UB (exceptions CY, CZ, HR, HU, NL, SI)
- Relaxing qualifying conditions (only in EL, ES, FI, FR, LV, PT, SE)
 - Improved access for workers who do not have enough contributory period
- Self-employed: mostly waiving waiting periods and the “cessation of activity requirement”.
- Access for some categories of NSE (e.g. FR: *Intermittents du spectacle*; ES: domestic workers, occupations in the cultural sectors, bullfighters).
- Self-employed no access granted (exception e.g. IT: “Extraordinary allowance to guarantee income and operational continuity”).
- Temporary measures and those without formal access to unemployment benefits remained mostly excluded in times of Covid-19.

II. Lessons from the Covid-19 pandemic

❖ **Sickness benefits**

- Extension of duration and circumstances related to Covid-19
- Qualifying conditions have not been changed in most MS so pre-existing shortcomings in the protection of specific categories of workers remain

❖ **Covid-19 related leave arrangements: childcare (21 MS)**

- More generous than parental leave
- Non-standard workers included (even specific categories of NSW; domestic workers in PT, 'agreement to perform a job' in CZ)
- ✓ Belgium: employees working less than 75% working hours are excluded
- Self-employed included in (only) 13 out of 21 MS

II. Lessons from the Covid-19 pandemic

❖ Job retention (JR) schemes

- Main tool to cushion potentially disastrous effects, on employment and household income (short-time work schemes (SWT), wage subsidies (WS) and income replacement for the SE)
- Support for more than one quarter of the workforce in the EU
- Changes to the institutional design of SWT and WS, both to include workers previously not covered and to facilitate access.

II. Lessons from the Covid-19 pandemic

- **France: significant changes to the SWT** ("activité partielle") to include NSE who were previously not covered (e.g. freelances, sales representatives, domestic workers paid on a piecework basis, intermittent workers in the entertainment industry, models and students).
- **Germany: inclusion of temporary agency workers but no coverage for mini-jobbers**, one of the most severely affected workers.
- **Belgium: inclusion of temporary agency workers** but some specific conditions that may hinder access.
- **Spain: eligibility conditions abolished** in the temporary unemployment scheme (ERTE).



II. Lessons from the Covid-19 pandemic

❖ Income replacement for the SE: a variety of ... basic support

- To remedy the **loss of revenues of the SE** during the pandemic, MS implemented **several temporary, mostly flat-rate and means-tested, income replacement benefits**.
- How to make sense of these measures?
- MS which have not provided income replacement benefits (DE, ES, IE, HR, HU, MT, SE, SI, SK, SE), implementation of other types of measures (ALMP). Others have provided only economic support.
- The rest of the MS, which provided income replacement support, can be grouped into two broad categories.



II. Lessons from the Covid-19 pandemic

- ❖ First group, grants **income replacement** based on previous earnings while the second one provides **lump sums**.

Benefits calculated on previous earnings	Lump-sum benefits
AT, DK, LV, PT, RO	BE, BG*, CY, CZ, EL, EE*, FI, FR, IT, LT, PL, NL

II. Lessons from the Covid-19 pandemic

- ❖ In the very few MS, where the benefit was calculated on the basis of previous earnings, the assessments are more positive than in countries which provided lump sums.
- ❖ Nevertheless, **upper caps** when applied in such schemes have **limited the extent of income replacement**.
- ❖ **Most of the schemes** clearly provided basic support through **lump sums close to the minimum income**, so can be estimated to have provided **an insufficient replacement of previous income**.

II. Lessons from the Covid-19 pandemic

- ❖ In some countries, when the ad hoc benefits were dependent on previous payment of social contributions, there have been **high rates of rejection of claims**, which brings to light the issue of underreporting or non-payment of contributions.
- ❖ Eurofound 2021: 58% of self-employed respondents reported that their household had difficulties making ends meet (April 2020) against 46% in April (2021).

III. Conclusions and future perspectives

- ❖ The abrupt health crisis underlined **acute gaps** in social protection systems.
- ❖ **Emergency social protection measures** during the pandemic: **improving access**, including coverage for non-standard workers and the self-employed.
- ❖ **Crucial support but limited, temporary stop-gaps** ...(minimum support for the self-employed).
- ❖ What will happen with those who do not have access to unemployment benefits when the **measures will be phased out** ?
- **Growing awareness, at national level**, especially in the context of « bogus » self-employment and platform work. Several reforms have been going on improving access to social protection.



III. Conclusions and future perspectives

❖ EU level: to be followed

- **Monitoring of the 2019 Council Recommendation** on access to social protection for workers and the self-employed
- ✓ Plans submitted by MS (May 2021).
- ✓ COM to submit a final report to Council (November 2022).
- **Consultation of the social partners** under Article 154 TFEU on possible action on working conditions in platform work (2 stages: February – September 2021).
- **European Parliament resolution of 16 September 2021 on fair working conditions, rights and social protection for platform workers.**
- **Launch of a High-Level Expert Group to study the future of the welfare state.**

Read (a lot) more...

- Baptista, I., Marlier, E., Spasova, S., Peña-Casas, R., Fronteddu, B., Ghailani, D., Sabato, S. and Regazzoni, P. (2021), “Social protection and inclusion policy responses to the COVID-19 crisis. An analysis of policies in 35 countries”, European Social Policy Network (ESPN), Luxembourg: Publications Office of the European Union.
- Pulignano, V., Domecka, M., Muszyński, K., Vermeerbergen, L., Riemann M-L., Creative labour in the era of Covid-19: the case of freelancers, ETUI Working Paper 2021.02, ETUI Brussels
- Schoukens P. and Weber E. (2020) Unemployment insurance for the self-employed: a way forward post-corona, Research Paper, Leuven, European Institute of Social Security (EISS)
- Schoukens P. (2020) ‘Digitalisation and social security in the EU. The case of platform work: from work protection to income protection?’, European Journal of Social Security, 1–18 (first published online).
- Spasova S., Bouget D., Ghailani D. and Vanhercke B. (2017) Access to Social protection of people working as self-employed or on non-standard contracts, Brussels, European Social Protection Network (ESPN), European Commission.
- Spasova S., Bouget D. and Ghailani D., Vanhercke B. (2019) Self-employment and social protection: understanding variations between welfare regimes, Journal of Poverty and Social Justice, 27 (2), 157–175.
- Spasova, S., Ghailani, D., Sabato, S., Coster, S., Fronteddu, B. and Vanhercke, B. (2021), Non - standard workers and the self-employed in the EU: social protection during the Covid-19 pandemic, Brussels, European Trade Union Institute, 51 p
- Spasova, S. and Regazzoni, P. , The self-employed and non-standard workers in job retention schemes during the Covid-19 pandemic: really protected?, Paper presented  the ESPANET Conference Leuven (31 August- 3 September 2021)

Thank you for your attention!

**Questions welcomed now or at
spasova@ose.be**