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Tackling new forms of work in social security  
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# New forms of work: challenge for social security financing and benefit adequacy

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# Outline:

- **CAUSES** of employment related changes
- **EFFECTS**
  - business restructuring /labour market
  - employment relationships
  - social security and future benefit adequacy
- **OPTIONS** (How can we proceed in the future ?)



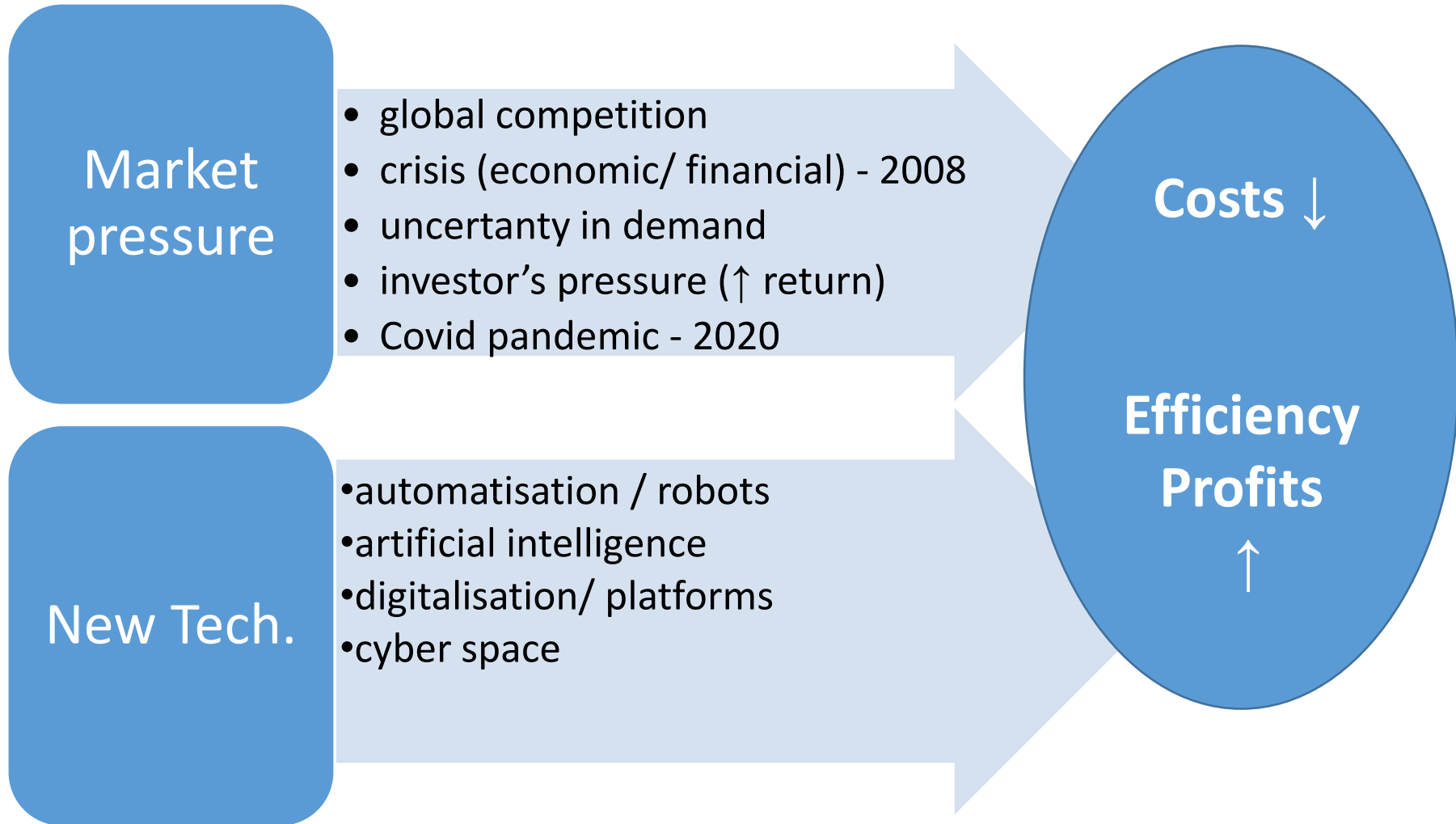
*„secure and adaptable employment” – Principle 5 EPSR*

*„social protection regardless of employment type” – Principle 12 EPSR*

**Finnancing sustainability**

**Benefit adequacy**

# CAUSES: What urged employment related changes?



# EFFECTS

## BUSINESS STRUCTURE CHANGES

### Organizational fragmentation

- franchising, outsourcing, transfer of undertakings etc.
- „external dumping” – moving establishments

### Implementation of new tech. (platforms, robots)

### Going flexible, e.g.

- WT or work place +
- „internal” dumping (changing typical with atypical workers)
- telework

## LABOUR MARKET

### Old jobs lost

### New jobs developed requiring new skills (atypical forms of work)

### Labor market fragmentation/polarization

- standard v. non-standard
- highly skilled /special talents v. very low skilled (3D jobs)
- (reduced need for middle skilled)
- high wage earners v. low wage earners

# Effects on employment relationships

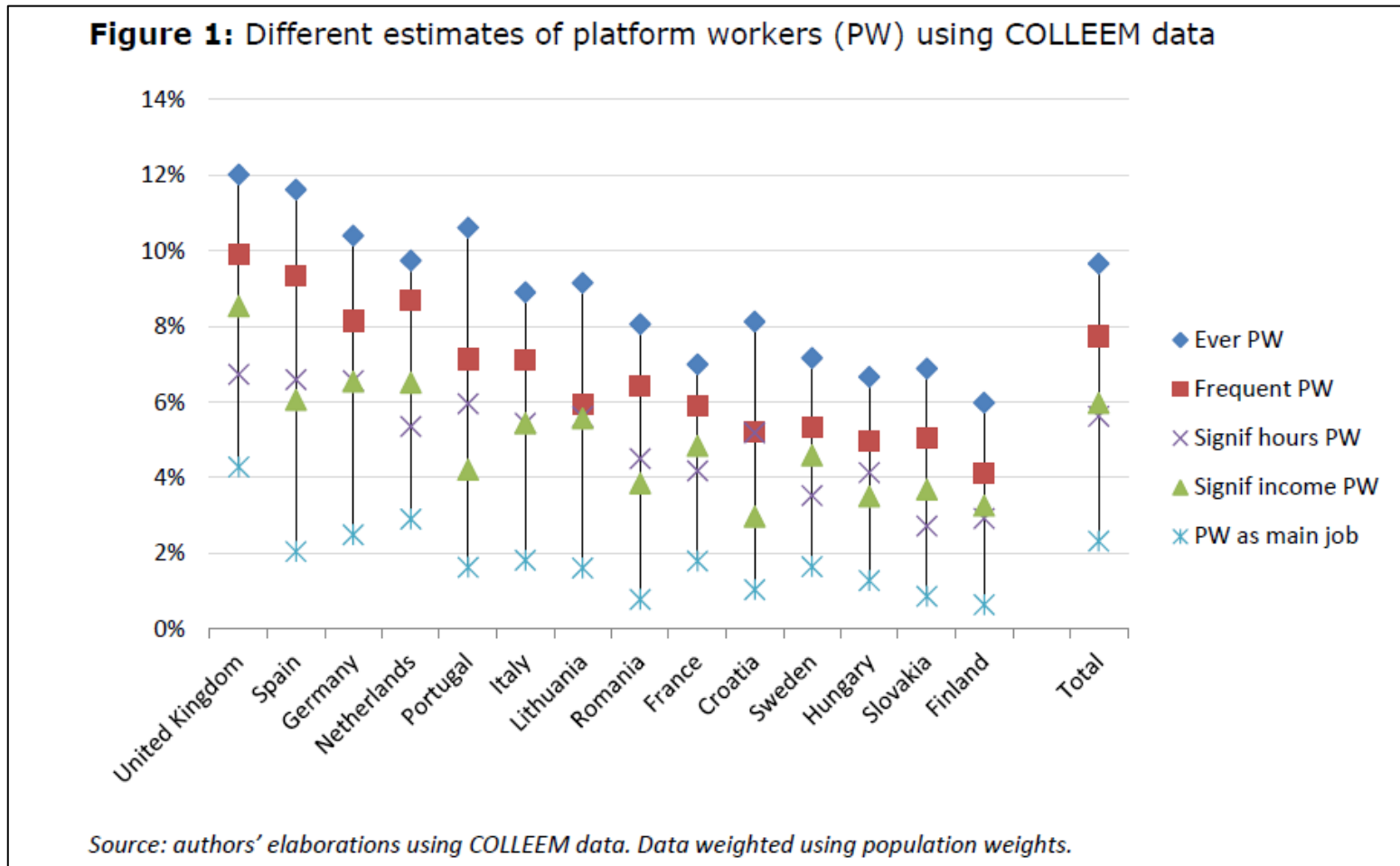
## „STANDARD”

- **Stable**
  - Open-ended contract
  - Full-time
- **Controllable**
  - At employer's premises
  - Direct arrangement
  - Bilateral relationship
- **Protected by:**
  - LL and collective agreements
  - SS legislation

## „NON-STANDARD” / „ATYPICAL”

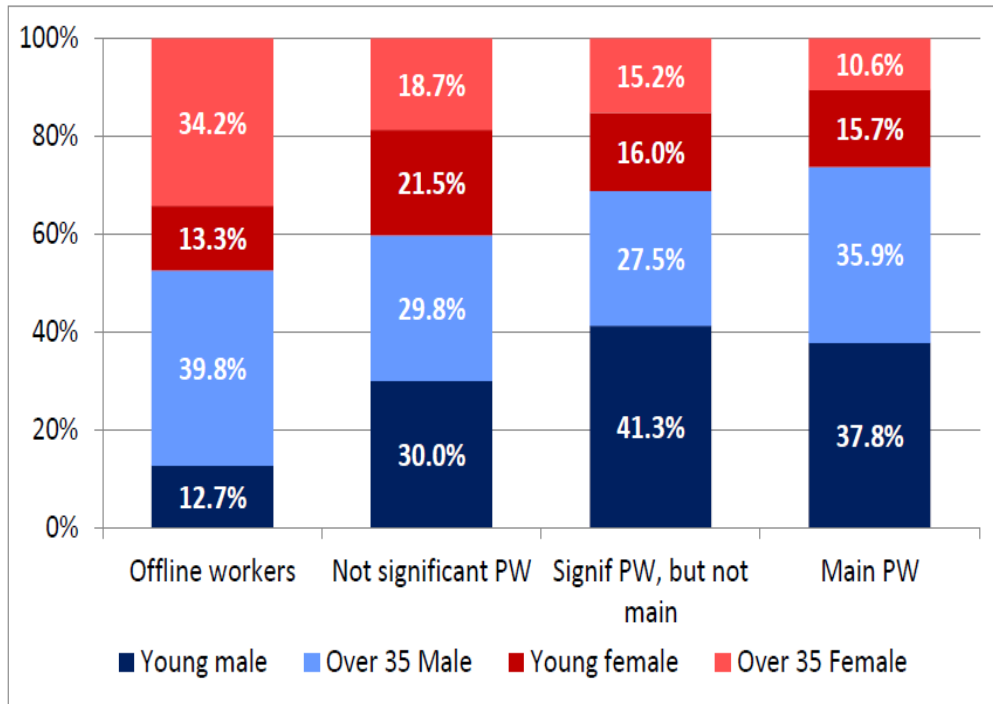
- **Growing in number and modalities**
  - Marginal work, on-demand work, casual work
  - Crowd work/platform work: On-line platform- service provider – customer
- **Instable:**
  - Shorter/ flexible working hours
  - Fixed duration / On-demand
  - Lower remuneration and/ or income insecurity
- **Flexibility of the place of work**
- **Demands of increased availability – WT concerns**
- **Less subordination to the employer** (grey zone between employment and self-employment), **more to customers** (rating system)
- **Diversification and aggregation of employment**
- **Non-unionisation**
- **SS access → limited or no**

Comparative data... (Source: Pesole, A. et al. Platform Workers in Europe, Evidence from the COLLEEM Survey, EU, 2018, p. 19)



Comparative data... (Source: Pesole, A. et al. Platform Workers in Europe, Evidence from the COLLEEM Survey, EU, 2018, p. 22-23)

**Figure 4:** Platform workers are mostly (young) males



Source: authors' elaborations using COLLEEM data. Data weighted using population weights.

**IN CROATIA  
FOR MAIN PLATFORM WORKERS**

**Women to men ratio = 0.29,**

**1 W for every 3 M**

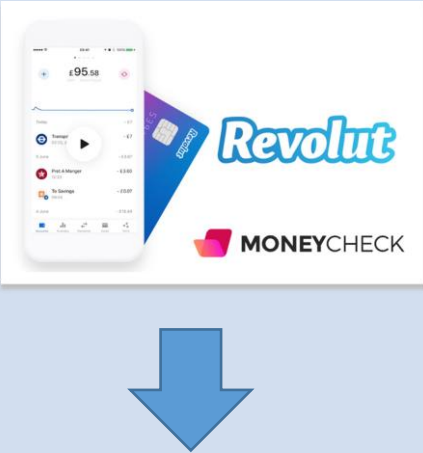
Most common examples of platform workers as most prominent type of atypical work .... ( also in Croatia)

Type of work	Where is service provided	Level of skills / education
<b>Taxi Driver/Delivery rider</b>	On-demand , but on-site	Low - Medium
<b>Household services</b> (cleaning, plumbing, babysitting etc.)	On-demand, On-location of the customer	Low-Medium
<b>Click-worker</b>	Remote/on-line	Low
<b>Specialist services</b> (IT, graphic designers counselors, sales)	Remote / on-line	Medium - High

**In Croatia, still no new specific regulation ...**



# Options for employment forms and concerns ... (in Croatia)

Type of contracts / employment basis	Problems	Payment concerns
<b>Self-employed (as small company owner)</b>	No labour law protection	<p>“Envelope” payment or via payment platforms</p>  <p>Total or partial tax and SS contr. evasion</p>
<b>Self-employed (occasional job)</b>	No labour law protection Lower social security contributions	
<b>Employment relationship with the partner company</b>	Wages paid based on hours or rides worked (percentage taken by partner company as their part of the profit)  Underdeclared working hours in order to reduce costs (e.g. working 60 (max. weekly by LA is 40WH))	
<b>Student contract</b>	No social security contributions No pension accrual Huge tax relieves Health protection enjoyed (but paid by others – solidarity, too much?)	

# Effects on social security financing and future benefit adequacy

## Taxation rules



- Lower taxes, and/or
- Tax relieves

## Social security regime:



- no coverage or limited
- differences in:
  - contribution base
  - contribution rate
- **Unsustainable financing**
- **Lower benefits (less adequacy)**
- **higher presser on social assisatnce in the future when contigneces happen**

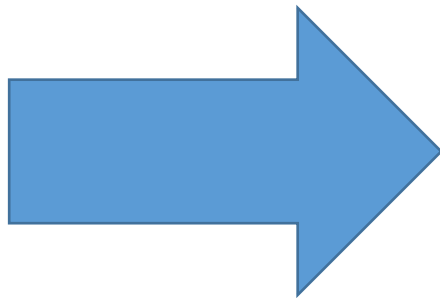
Implicit state  
subsidies  
(in tax and SS)

Undermining  
standard labour

## Croatian example....

Formally atypical and occasionally self-employed are mostly covered, but huge differences in:

- type of contributions paid
- contribution base and
- contribution rate



- cheaper labour
- incentive to employ atypical
- lower level of future benefits, e.g.
  - Wage compensation during sickness
  - pensions
- need for state transfers

Croatian example (taxation regime determining SS contribution base)....

Taxation regime	Employment contract	Self-employed	Other income recipients (occasional self-employment based on contract for service, author's contract etc.	Non-taxable income
Social security contribution base	Salary	<p>For board member of a company = earning amount, but min. 65% of AW in Croatia</p> <p>For registered self-employment activity or craft = 65% of AW in Croatia</p> <p>For free professions = 110% of the AW in Croatia</p>	<p>Other income earning</p> <p>For Voucher work in agriculture ( (Per day: 35% of AW in Croatia divided by 30)</p>	<p>Student work (student income)</p> <p>Occupational training without employment contract =35% of AW in Croatia</p>

## Croatian example (SS contribution rates)....

Social insurance type	Employees	Self-employed	Self-employed in agriculture and forestry	Occupational training without employment contract	Student work	Other income recipients (contract for service, author's c.)
<b>Pension insurance (from gross earnings or contribution base)</b>						
- 1 <sup>st</sup> Pillar	15%	15%	5%	15%	-	7.5%
- 2 <sup>nd</sup> Pillar	5%	5%	5%	5%	-	2.5%
- For WAHJ	from 4.86% to 17.58%	-	-	-	5% (covering physical injury, disability and death)-	-
<b>Health insurance (on top of gross earnings or contribution base)</b>						
- health ins.	16.5%	16.5%	7.5%	16.5%	-	7.5%
- health and safety	-	-	-	-	0.5%	-
<b>Unemploy.</b>	Note: since 2019 it is tax financed, so no more social security contributions are collected					

# Conclusions /challenges

- **Can we stop the wheel of technological advancement?**

No

- **Can we prevent shifts from standard to atypical working arrangements?**

- No.

- **Will what is still “atypical” now eventually become “typical”?**

- Probably.

- **Can we make them less attractive? How can we do that?**

- By partially preventing rising inequalities

- Directive 2019/1152 on Transparent and Predictable Working Conditions

- Allowing access to social protection for all economically active persons → Council Recommendation (2019/C 387/01)

- **Equalising labour cost regarding taxation rules and SS contributions**

Shift from „work type related” to „income related” tax and SS  
Future adequacy of entitlements & sound budgetary and SS  
financing

....and one more thing ...



**The 2<sup>nd</sup> IR urged creation of SS!**

**The 4<sup>th</sup> IR provokes us to bring it to  
the next level ....**

.... to bridge the gap between  
current factual incomes  
and  
future SS benefits!

**Let's not miss the chance!**

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