Self-employment in times of economic crisis: Worklife Challenges

ESRC Work-Life Seminar 7
The Future of “Work-Life Balance” in Austerity and Beyond
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Introduction

• Trends in self-employment

• The self-employed and worklife challenges
  • Compared to employees
  • Across different types of self-employed

• In times of economic crisis: more insecurity, more demands and less resources?
Trends in self-employment

• In Europe, since 2010, 40% of the rise in jobs can be attributed to self-employment (Hatfield, 2015)

• A sign of entrepreneurial spirit” or a rise precarious, insecure work?

• Opportunity versus necessity driven

• Growing trend to subcontract to own account workers
• Blurring boundaries between dependent and independent employment

• Heterogeneity: various types of self-employed
Trends in self-employment

Source: Eurostat Labour Market Database (Eurostat 2014a)
Note: The self-employment rate is presented as a backwards-looking four-quarter moving average. Dates refer to the final quarter of the moving average.
Characteristics of self-employed

• Men are more likely to be self-employed than women

• Likelihood of being self-employed increases with age

• Self-employed are increasingly higher educated

• The median self-employed worker earned over 40% less than the median employee, and earnings have declined faster

• Large proportion of the self-employed are own account workers or solo self-employed (only 17% in the UK; 44% in Germany have employees)
Wellbeing and WLB of the self-employed

• Highly satisfied with their work, overall wellbeing

• More WFC and less satisfied with the way they are able to manage work and personal life (Annink et al., 2015; Eurofound, 2012)
  • Autonomy, flexibility, skill utilization, feeling in control
  • Long working hours, high work intensity, insecurity and precariousness

• Challenge demands (Wood & Michaelides, 2015) associated with potential gains
Comparing self-employed and employees (Annink et al., 2015)

• Working demands mainly explain differences in reported WFC

• In particular job insecurity a larger effect on WFC among self-employed

• Social support is highly relevant for the self-employed

• State support?
Public WLB support for the self-employed

• In 2010, the EU right to maternity leave for self-employed mothers (14 weeks)

• In most European countries the self-employed receive less maternity benefits: lower financial compensation

• Few countries offer paternity leave for self-employed fathers and even less parental leave
  • Exceptions are Scandinavian and some Eastern European countries

• Childcare support: generally, no differences between employees and self-employed

• What do self-employed need?
  • Flexibility
  • High quality, affordable childcare
Role of societal context

- Current WLB state support: no impact found (Annink et al., 2015)
- Unemployment benefits buffer effect of financial hardship
- General social trust
Differences between types of self-employed

• Opportunity versus necessity driven

• Small employers versus solo self-employed
Subjective well-being and work-life balance of the self-employed, GEM 2013
WLB satisfaction of necessity and opportunity driven self-employed, GEM 2013

Necessity driven

Opportunity driven
WLB satisfaction of Solo Self-Employed and Small Employers, GEM, 2013

- Romania
- Luxembourg
- Lithuania
- Estonia
- UK
- Sweden
- Finland
- Netherlands
- Portugal
- Latvia
- Belgium
- France
- Italy
- Slovenia
- Hungary
- Spain
- Slovakia
- Greece
- Croatia

- Solo self-employed
- Small employer
Work-life balance experiences in times of recession: Independent professionals

• Explorative interview study in Spain and the Netherlands
  • Valencia/Rotterdam
  • Data collected in 2015

• Independent professionals (N=33)
  • Professional, scientific and technical activities
  • Full-time self-employed
  • Male/female
  • With and without children
  • 1-21 years experience

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**Context**

**Spain**
- 11.9% own account workers
- Unemployment: 24.4%
- Necessity driven entrepreneurship: 30%
- Relatively difficult to start a business; relatively high tax rates (58% of profit)
- Maternity leave: 42 days paid at a flat rate (532.51 per month)
- Childcare: decreased public funding for the under 3s

**The Netherlands**
- 11.5% own account workers
- Unemployment: 6.7%
- Necessity driven entrepreneurship: 16%
- Relatively easy to start a business; relatively low tax rates (39% of profit)
- Maternity leave: 80 days paid at max. minimum wage (1486)
- Childcare support: income dependent and on hours worked
Findings: It’s not all about the money

• Insecurity of not knowing how much work there will be
• A lack of continuity in orders and assignments undermines security and regularity in working hours creating stress regardless of financial buffer

“\textit{I find it very difficult not having an idea how it will be next week. I feel like we must be able to live the life we are living now. But I have no continuity in work. When I get more work, I don’t have these kind of worries}” – ES14, Spanish video editor, male (48), one child
More work, less personal time

- Insecurity about work and financial hardship leads to longer working hours

“I have to do a little bit more, faster, better… I don’t feel calm enough to take a day off on Sundays. Until I earn enough money, I cannot take off. I have to, every day…” – NL3, Dutch illustrator, male (45), two children

- Feeling guilty not working
- Unable to invest
- Less outsourcing
- Taking on low paid jobs, problem getting paid
The family: negative spillover and stress

- Negative spillover: moody
- Withdrawal from family activities
- Dealing with worried/concerned family members

“She is much more thinking about it than me. I am usually more relaxed and thinking positively. We talk about our financial situation a lot. She is always asking how it goes, financially. And wondering what we should do if I don’t earn enough… She cannot work now, because she is dedicating herself to our baby. That’s the best work that she can do, we feel that’s important for the baby too. She’s doing great, but she feels dependent on me because she is at home.”- ES3, Spanish architect, male (29), one child
The family: support

• Sources of financial and emotional support
  • Spanish independent professionals: less expenses and financial support from their parents
  • Young self-employed: postponing starting their own family

“In the ideal situation, I would have liked to spend more time with my girlfriend. But I need to work more hours now, and my girlfriend is working too… I would like to live together with her, but I stay at my parents because of the economic situation. My girlfriend moved abroad for work, then she came back, unemployed. Now she just started again. It was just impossible. Before we start a family, we have to learn to living together first. So it may take a few years more…” – ES16, Spanish student service provider, male (31), no children
The value of autonomy

“It is like being free, also if you have work. You have to work, but no one is telling you. This feeling is more important than money.” – ES6, Spanish safety consultant, female (29), no children

• Prefer to be self-employed and independent than being employed or to invest in unpaid internships
• Insecurity price for being own boss
• Feeling lucky to work (Spain)
• Support each other: shared economy, creating networks and partnerships
Concluding remarks

• Most independent professionals seem kind of stuck
  • Little discretion over the amount of work taken on
  • Little possibilities to invest and grow

• Consider type of support self-employed need
  • Services
  • Unemployment allowances, pensions: voluntary or obligatory?
  • Social networks, training