Self-Employed People

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Self-employment (SE) is a growing precarious work arrangement internationally. In the current digital age, SE appears in configurations and contours that differ from the labor market of 50 years ago and is part of a ‘paradigm shift’ from manufacturing/managerial capitalism to entrepreneurial capitalism. The SE trend is accelerating due to the rising 'gig' economy and the undermining of the former employment structures that provided secure, lifetime jobs with predictable advancement and stable pay.

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1. Introduction

Self-employment (SE) has emerged as a non-standard, precarious, and contingent work relationship internationally [1][2][3]. The proportion of precarious work, including SE, has been growing rapidly in recent decades due to globalization, dramatic technological advances, the information revolution, and the decline of manufacturing industries [2][4][5]. It has been estimated that non-standard employment accounts for more than 60% of workers worldwide [6][7]. This trend is accelerated by the rising ‘gig’ economy, which is undermining traditional employment relations with secure jobs, predictable, advancement, and stable pay [8][9][10][11]. Of importance, Self-employed (SE’d) workers now comprise 15% of employment in Europe [12] and 10% of the Australian workforce [13]. In Canada, 2.9 million people were SE’d in 2018, double the number in 1976 [14], although this increasing trend has remained stable in Canada for the last decade. In general, women, recent immigrants, and other visible minorities tend to choose SE to meet their needs that derives from traditional social roles (e.g., women as a caregiver and to earn money to support their families, immigrants due to lack of suitable paid jobs) [2]. Mounting international evidence stresses that precarious employment conditions are having profound adverse effects on workers’ safety, health, and wellbeing [15][16][17]. Despite this, SE’d workers are one of the ambiguous categories of working groups who are largely excluded from the workers’ compensation coverage internationally [4]. However, research on SE’d people in terms of their access to social supports systems when they are not working due to injury and sickness is scarce, and, as a consequence, policies geared towards building inclusive workers’ compensation policies, upgrading the social safety net programs, and reforming statuary/legal frameworks often ignore complex interactions and responses within them.

2. Dynamics of SE’d Workers

SE’d workers are generally depicted as a special group of homogenous people [5], who possess good health, enjoy the freedom of being their own boss and flexible working hours, do not rely on social security protection, and enjoy

greater job satisfaction and improved quality of life [12][18]. They are also described as taking on a high level of personal risk to grow their businesses and creating employment opportunities for others [5][9][12][17]. However, these depictions do not reflect the recent reality of the SE'd [12]. Surprisingly, very few attempts have been made in order to investigate systematically how these new forms of employment impact the SE'd in the face of occupational injury and disease [4]. This is despite a growing body of research that argues that the rise of precarious employment, including outsourcing, downsizing, and small business, adversely affects workers' occupational health and safety [19][20][21][22][23]. A clear dark side of this SE labour market exists in that a significant number of SE'd workers are compelled to undertake this type of work due to unemployment, scarcity of alternatives, and everyday financial hardships [2][5][12]. As argued by The Law Commission of Ontario [2], all SE'd workers should not be treated in the same manner: "The experiences and vulnerabilities of this group range from billionaire entrepreneurs to taxi drivers working 90 h a week simply to pay their bills and includes many people who are gaining income from self-employment activity alongside their main job" (p.75). As such, SE does not always mean self-sufficiency. Instead, some SE'd workers, with low earnings, are precarious workers at risk of poverty and social exclusion [24].

In addition to income-based poverty, a key challenge facing SE'd workers is what happens when they are unable to work due to illness or injury/disabilities, whether on a short- or long-term basis. This is also connected to poverty but in a different fashion. Some SE'd workers do not expect sick pay, paid annual leave, or a future pension because they are well-off and have adequate savings for the future [17]. Some literature stresses that low-income SE can have a considerable impact on workers' physical, social, and personal lives (e.g., family relations), promoting a greater risk of injury, illness, stress, and challenges to health care access [2][11][25][26]. Mounting evidence also shows a strong relationship between the precarious job and poorer health outcomes [27], and greater social costs such as the undermining of intimate relationships [15][28]. As well, SE'd workers are at higher risk for certain diseases compared to salaried workers [17]. However, SE'd workers are less likely to purchase health insurance policies in the USA, which may affect their health and wellbeing if they use little or inappropriate medical care [17][29].

3. Social Security Systems Protecting SE'd Workers: The Inclusion/Exclusion Game

Globally, many policies and much legislation, such as workers' compensation, employment insurance, and state pension plans, exclude SE'd workers. Indeed, Quinlan [4] noted that SE'd workers are fully excluded from most countries' workers' compensation coverage policies. In some countries (e.g., Estonia, Latvia, Portugal, and the Slovick Republic), 40–50% of precarious workers are less likely to receive any form of income support when they are out of work due to injury, sickness, or any form of impairment [10]. The ILO's (2020) study of G20 countries found a social protection coverage gap for SE'd workers in many of the countries [30]. This report recommended several measures to protect the SE'd, including preventing the false classification of workers as SE'd and reducing the 'grey zone' of vague employment status [30]. However, some welfare states play pivotal roles in terms of protecting SE'd workers. For example, Finland provides a broad support system to workers regardless of employment status, in which SE'd workers are covered with earnings-related pension schemes (old-age pension,

disability pension, survivors' pension) and have access to a universal basic social security system (parental and sickness benefits, housing, and unemployment benefits) [31]. In the UK, there was a 'policy vacuum' observed in social security policy for SE'd people in the 1980s; however, SE'd people were included in state insurance systems and mainstream income-related benefits as of the 1990s [32]. Despite this, they are still excluded from many benefits systems in the UK, such as income supports, housing benefits, council tax benefits, family credit, and disability working allowances, due to administrative weakness [32]. The British perspectives are consistent with Finland's estimation that there is a gulf between tax declared-income and pension declared-income scheme for self-employed workers (under-insurance) within the statutory pension; they pay too little to contributions, leading to inadequate protection against personal risks [31].

Spasova, et al. [33] illustrated an interesting correlation between SE'd people's access to statuary social protection systems and types of welfare regimes in 35 European countries. They reveal that in countries with social democratic regimes (e.g., Finland, Denmark, Iceland, Norway, Sweden) where social protections depend on 'general taxation, the SE'd workers have access to all statuary schemes and are treated as salaried workers. They are also treated in a similar manner in the Liberal regime countries (e.g., Ireland and UK) in terms of social protection for the self-employed worker. However, the countries whose schemes rely on 'heavy taxations' make distinctions between salaried and self-employed workers in terms of access to social protection; while salaried workers can access both means-tested benefits and insurance-based benefits, SE'd workers can access means-tested, but often at a low level. Interestingly, some countries, such as the Corporatist (Austria, Belgium, and Germany) and Southern European regimes (Italy, Spain), show a variance in statutory access to social protection, including insurance schemes, and these differences not only exist between SE'd and salaried, but also within different SE'd patterns. This entry shed new light on (which previous studies had not addressed), the uneven access to statutory social protections being brought about by the complicated and robust dynamics of SE'd themselves in terms of their actions and nomenclature.

Overall, Spasova et al.'s analysis show that although the welfare countries show comparatively comprehensive social protection for self-employed people in terms of the access to (basic) pension and (basic) health insurance, they still have social protection coverage gaps for SE'd in countries [34]. To put it another way, although welfare economies are supportive of protecting SE'd workers, they still struggle with administrative and bureaucratic shortcomings in terms of supporting SE'd workers with social protections. As such, this exclusion of SE'd workers advances a central question to the agencies, employers, policymakers, government stakeholders, and workers: how do the established norms and existing legislative protocols fit with the changing labour market [35], with the special reference to SE? However, without social safety nets, many lower-income SE'd workers are unable to ensure their house rent, medical costs, food, and future security (e.g., retirement pension). Similar to employees in standard employment, they may encounter the same level of anxiety, stress, and illness due to being at work or when out of work. In this context, the absence of a social safety net can perpetuate their distress.

Although a growing body of research sheds light on SE'd workers in terms of their health and well-being, social mobility, and racial and gender discrimination [1][26][36][37][38][39], very few research or policy reports consider SE'd workers in terms of their social security and support [2][5][40]. Moreover, with some exceptions [41], a focus on the

work disability of SE'd workers in legislation (e.g., labour laws), policy (e.g., workers 'compensation), and academic research has been largely ignored. As such researchers know little about the role of government and policymakers in terms of providing support to SE'd workers [41].

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