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Self-employed Workers: Industrial Relations and Working Conditions

The case of Germany

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Abstract

Generally speaking, the number of self-employed workers has risen steadily in the last couple of years. The group of self-employed workers is extremely heterogeneous as it comprises self-employed workers from the liberal professions, persons who are pursuing freelance activities as well as others engaging in low-paid professions. The prototype of self-employed worker was once by definition excluded from collective forms of the social security system. However, recent years have seen a change concerning the social protection of self-employed workers. Furthermore, unions have tried to organise certain groups of self-employed workers, e.g. freelance journalists. Nonetheless, social partners scarcely represent great parts of self-employed workers due to the heterogeneity of the group.

1 Legal provisions and social security

1.1 General definition of “self-employment”

In 1999, the Red-Green government coalition passed the Act to Promote Self-Employment (*Gesetz zur Förderung der Selbständigkeit*). This legislative act contained, for the first time, statutory criteria to help to distinguish between self-employment and ‘economically dependent work’. It should be noted, however, that the Act aimed to eliminate the status of ‘economically dependent employee’; that is, persons should either have the status of being self-employed or they should be regarded as an employee who is liable to pay social security contributions. The legislative rules provide the following five criteria to define ‘economically dependent workers’.

An ‘economically dependent’ employee

- does not employ other employees who are subject to social security contributions
- usually works for only one contractor
- performs the same type of work that is also carried out by regular employees (in the case of the contractor, or other contractors conducting a similar business)
- carried out the same work as an employee prior to the present job
- cannot provide evidence of entrepreneurial activities (unternehmerisches Handeln).

A person is considered to be an employee when at least three of the previous criteria hold true.

Although the Act to Promote Self-Employment establishes the aforementioned set of criteria to define a person's employment status, a second set of criteria has been developed by the Federal Labour Court (Bundesarbeitsgericht, BAG). It is based on case law.

A person might be considered by the labour courts to 'be an economically dependent employee', when he or she:

- is dependent on the contractor's instructions in terms of the place of work
- is dependent on the contractor's instructions in terms of time of work
- is dependent on the contractor's instructions in terms of content of work
- is incorporated into the organisational structure of the contractor
- uses the production equipment of the contractor.

To be considered 'economically dependent', a person does not have to fulfil all five criteria. However, the labour courts evaluate, on a case by case basis, whether the criteria have enough weight.

1.2 Distinction between self-employed workers and employees

As a legacy of the social-security system that was introduced by Bismarck in the nineteenth century, self-employed workers are, on the whole, not covered by collective forms of social security. They are responsible for arranging their own old-age and health-care provisions as well as the financial funds that they can rely on during periods out of employment. However, recent years have seen a change with regard to the coverage of self-employed workers by the social security system.

The protection of employees, on the other hand, was the main goal of Bismarck's reform. Therefore, employees are, to this day, covered by the so-called statutory social security system. This system is composed of the following 'pillars': health insurance, unemployment insurance, old-age pensions, care insurance and accident insurance. The latter two were introduced in recent years. All schemes are statutory for employees

and employers and contribution levels are linked to the employee's wages. Fifty per cent of the social security contributions are paid by the employer and the other fifty per cent is covered by the employee.

However, nowadays, self-employed workers can join a health insurance scheme, either private or statutory, on a voluntary basis. This means that self-employed workers can also choose not to be covered by any health insurance scheme. This volition surrounding health insurance was, amongst other things, a subject covered by the most recent health care reform. In spring 2007, the governing coalition adopted a reform package that requires self-employed workers who are currently not covered by a health insurance scheme to join a compulsory scheme. This new rule will come into effect on 1 January 2009.

Since 2006, self-employed workers can, furthermore, contribute, under certain conditions, to the public unemployment insurance scheme. The necessary pre-conditions are: self-employed workers must work at least 15 hours a week in their own business, they must have contributed to the unemployment insurance scheme for at least 12 months within the past two years or they must have already received 'unemployment benefit I', i.e. the former unemployment benefit, sickness or maternity benefits. Before 2006, self-employed workers had no access to statutory unemployment insurance programme.

1.3 Self- employed with employees

Those who are self-employed and who also employ others should be regarded as the prototype of a self-employed worker. For a general discussion of their social security situation see 1.2a. Since exceptions to this rule are manifold, they are presented in the following section (1.2c).

1.4 Exceptions to the rule

Exceptions to the rule cited above include unemployed persons who successfully applied for a publicly funded start-up grant (*Existenzgründungszuschuss*, EXGZ) or for so-called 'bridge money' (*Überbrückungsgeld*). Both instruments are administered by the Federal Employment Agency (Bundesagentur für Arbeit, BA). In such instances, the BA grants public subsidies to unemployed persons who seek to leave unemployment by setting up their own business; that is, by moving from unemployment to self-employment.

In this context, recipients of 'bridge money' are, firstly, granted a subsistence allowance. Secondly, the 'bridge money' covers the payment of their social security contributions (health and unemployment insurance, statutory old-pension scheme). It can be used for this latter purpose for a period of up to six months after the business has been established.

An EXGZ, on the other hand, can be granted for a maximum of three years after the setting up of a business. Lone entrepreneurs are granted a monthly allowance of EUR 600 in the first year, EUR 360 in the second year and, finally, EUR 240 in the third year. They are covered by the statutory old-age pension scheme as long as they are in receipt of an EXGZ. Lastly, recipients of an EXGZ obtain access to the statutory health, accident and nursing insurance schemes.

Another exception is self-employed workers who do not regularly employ an employee whose monthly payments exceed EUR 630 and who mainly work for one employer. Such lone entrepreneurs are required to contribute to the statutory old-age pension scheme. This does, however, contradict the rule that the self-employed should not be covered by collective forms of social insurance schemes. Moreover, self-employed workers 'similar to an employee' (*arbeitnehmerähnliche Person*) who are 58 or older are exempt from the statutory pension scheme.

Finally, the category of the so-called 'traditionally self employed' already enjoy some form of social protection. Linked to their occupation, the 'traditionally self-employed' are faced with a variety of regulations concerning their access to social security programmes. Home workers are to be covered by all branches of the social security system. Teachers and educational staff, nurses, as well as midwives have to contribute to the statutory pension scheme.

In addition, special social funds (*Sozialkassen*) were set up for crafts people, farmers, artists and journalists. These social funds are partially paid for by the state. Finally, some groups such as physicians, pharmacists, lawyers, and tax consultants maintain compulsory pension schemes.

Generally speaking, there are no statistics that differentiate between certain categories within the group of 'economically dependent workers' or between contractual relationships that are to be regarded as mid-way between self-employment and 'economically dependent' employment. However, qualitative research indicates that the group of 'economically dependent workers' is fairly heterogeneous.

Trade unions highlight that certain industries, such as retail, meat processing, transportation, and private services, such as nursing and teaching, tend to convert regular employment relationships into 'economically dependent work' as a means to reduce costs.

It should, furthermore, be noted that the Act to Promote Self-Employment did not intend to regulate 'economically dependent' work. The Act, therefore, 'only' established the aforementioned criteria (see 1.1) to distinguish between self-employed workers and 'economically dependent workers'. The law does not automatically entitle a person who is considered to fall within the definition of 'employee' to all social security benefits.

The law, however, does state that an 'economically dependent worker' needs to be covered by the social security system; that is, by health insurance, the old age pension system, and unemployment insurance. In practice, some problems evolve from the status of being considered an 'economically dependent' worker. It, moreover, stipulates that the burden of proof is with the social security administration. In other words, the social security administration has to prove that a person is 'economically dependent' on one employer. However, as long as the employer in question cannot be identified by the social security administration, economically dependent workers have to pay their own social-security contributions.

2 Recent trends in self-employment with no employees

Table 1, 2 and 3 indicate that self-employment is, generally speaking, on the rise. When comparing the data from 2002 with the latest available data from 2005, it should be noted that the numbers of those who are self-employed rose from 4,068,000 in 2002 to 4,501,000 in 2005. It

should, furthermore, be noted that female self-employed workers represent a growing proportion of all self-employed workers. Their share rose from 39.04% in 2002 to 43.1% in 2005.

Table 1: Recent trends in self-employment by gender (2002-2005)***

Women represent a growing number of self-employed workers

	2002		2003		2004		2005	
	Men	Women	Men	Women	Men	Women	Men	Women
(1,000)								
Self-employed (Total)*	2,628	1,026	2,678	1,066	2,740	1,112	2,852	1,228
Self-employed with employees	1,382	415	1,374	410	1,361	416	1,358	430
Self-employed without employees	1,247	611	1,304	656	1,379	696	1,494	798
Helping family members	93	414	93	292	95	307	102	318
Employees**	17,615	14,853	17,225	14,818	16,846	14,559	17,181	14,885

Source: Federal Statistical Office (destatis): Micro Census data 2002, 2003, 2004, and 2005.

**Definition applied by destatis includes persons who head an establishment or a workplace as (co-) owners, leaseholders or as self-employed craftsman as well as self-employed sales representatives/sales persons. In other words, the definition includes freelance activities.*

*** Civil servants, employees, workers and trainees.*

**** Table includes rounding differences.*

As Table 2 and 3 indicate, the ratio of foreign self-employed workers continues to rise. In 2002 7.5% of all self-employed workers were foreigners. In 2005, this figure had risen to 8.9%.

Table 2: Number of German and foreign employees and self-employed by age range (2002)***

The majority of German self-employed workers were aged between 35 to 55 years

	Total	German citizenship							
		15-20	20-25	25-35	35-45	45-55	55-60	60-65	Above 65 years
(1,000)									

Self-employed*	3,764	15	55	501	1,167	1,080	383	340	223
Employees**	29,723	1,181	2,573	6,513	8,925	7,127	2,232	991	181
Foreign citizenship									
Self-employed*	304	-	12	73	99	80	22	11	6
Employees**	2746	103	294	877	704	537	171	52	8
Total									
Self-employed*	4,068	16	67	573	1,266	1,160	405	351	229
Employees**	32,469	1,283	2,867	7,390	9,629	7,664	2,403	1,044	189

Source: Federal Statistical Office (destatis): Micro Census data 2002.

*Definition applied by destatis includes persons who head an establishment or a workplace as (co-) owner, leaseholder or as self-employed craftsman as well as self-employed sales representatives/sales persons. In other words, the definition includes freelance activities as well as helping family members..

**Civil servants, employees, workers and trainees.

*** Table includes rounding differences

It should be noted that foreign self-employed workers are slightly younger than German self-employed workers. Foreign self-employed workers concentrate in the age groups between 20 to 25 years (2002: 17.9%, 2005: 16.2%) as well as 25 to 35 years (2002: 12.7%, 2005: 17%). The majority of self-employed German workers, on the other hand, are aged between 35 to 45 or 45 to 55 years.

Table 3: Number of German and foreign employees and self-employed by age range (2005)***

Foreign self-employed workers are often younger than their German counterparts

	Total	German citizenship							
		15-20	20-25	25-35	35-45	45-55	55-60	60-65	above 65 years
(1,000)									
Self-employed*	4,101	17	69	502	1,324	1,178	436	312	263
Employees**	29,418	1,172	2,589	5,776	8,921	7,356	2,359	1,008	237
Foreign citizenship									
Self-employed*	400	-	13	103	128	93	34	15	10
Employees**	2,647	74	245	821	751	470	209	67	10
Total									
Self-employed*	4,501	20	82	604	1,452	1,271	471	327	273
Employees**	32,066	1,246	2,834	6,598	9,671	7,827	2,568	1,075	246

Source: Federal Statistical Office (destatis): Micro Census data, reporting date: 2005.

**Definition applied by destatis includes persons who head an establishment or a workplace as (co-) owner, leaseholder or as self-employed craftsman as well as self-employed sales representatives/sales persons. In other words, the definition includes freelance activities as well as helping family members.*

***Civil servants, employees, workers and trainees.*

**** Table includes rounding differences.*

The BA provides certain data on the distribution of EXGZ and 'bridge money', since it administers both instruments. Studies outline that a rising percentage of lone entrepreneurs start their business out of unemployment using public subsidies, such as an EXGZ or 'bridge money.' It should be, however, noted that the data below only represent the development of the above-mentioned BA instruments. This means that the data provided below cannot be considered to be representative for all contractual relationships mid-way between dependent employment, self-employment and economically dependent employment. Since its introduction in 2003, the EXGZ has developed fairly well. As Table 4 shows, 40,289 unemployed persons were granted an EXGZ. Nearly 60% of the recipients were male, 40% female. By 2006, the total number of EXGZ recipients had increased fivefold. The gender gap between recipients has diminished (51.8% male recipients, 48.2% female recipients).

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Table 4: Number of EXGZ Recipients (2003-2006)*

Start-ups subsidised from EXGZ funds has risen steadily

Year	EXGZ (recipients)		
	Total	Male	Female
2003	40,289	24,036	16,252
2004	150,744	87,269	63,475
2005	233,601	129,153	104,448
2006	209,921	108,835	101,086

Source: BA

*Preliminary figures that refer to the dataset from 28 March 2007.

During its introduction, the EXGZ was heavily criticised. This was mainly because its critics believed that it would only duplicate the already existing 'bridge money'. However, the number of 'bridge money' recipients has not decreased significantly. As Table 5 indicates, a total of 73,252 unemployed persons were granted 'bridge money' in 2003 (male: 73.4%, female: 26.6%) compared to 63,153 recipients (male: 71.2%, female: 28.8%) in 2006.

Table 5: Number of 'Bridge Money' Recipients (2003-2006)*

Allocation of 'Bridge Money' remains stable

Year	'Bridge-Money' (recipients)		
	Total	Male	Female
2003	73,252	53,745	19,507
2004	83,555	62,287	21,268
2005	82,993	60,461	22,532
2006	63,153	44,945	18,207

Source: BA

*Preliminary figures that refer to the dataset from 28 March 2007.

When comparing the two instruments, attention should be paid to the gender gap. In 2006, nearly as many women as men started a business via an EXGZ. However, 'bridge money' recipients were mostly male. This

may be a result of the different characteristics and time frames of the EXGZ and 'bridge money' programmes.

As an analysis by the BA shows, the EXGZ is more attractive to persons who obtained a relatively low income prior to receiving EXGZ. An EXGZ can be granted for up to three years and can involve part-time work ('bridge money': six months, full-time work). A lower income would, amongst other things, be obtained by part-time workers. This latter group is characterised by a high female proportion. Therefore, one might assume that women start their entrepreneurial career on a part-time basis in order, for example, to supplement their own or their family's income. The finding from a study by Lauxen-Ulbricht and Leichter corresponds with the BA analysis. Lauxen-Ulbricht and Leichter also indicated that self-employed women prefer to work part-time; that is, fewer than 20 hours a week or engage in evening work.

3 Collective representation and collective bargaining

3.1 Trade associations

There are very many trade associations that organise self-employed workers without employees, although there are no overall figures available on how many of these associations exist. Most of these trade associations are organised on an occupational or professional basis, that is they organise self-employed workers according to profession or occupation. Apart from associations representing self-employed workers in the so-called liberal professions (doctors, lawyers, architects etc.), there is a considerable but unknown number of associations representing self-employed workers without employees. The occupations spread across almost all industries. Major sectors where such associations exist are health care (e.g. nurses, speech therapists, physiotherapists), the media and culture sector (e.g. musicians, actors, journalists, freelance translators and interpreters, freelance proofreaders, free lance designers) and the IT sector (e.g. software developers, IT consultants).

There is no overall umbrella organisation for these trade and professional associations. The confederation of liberal professions

(Bundesverband der Freien Berufe, BfB) covers 70 associations. Most, but not all of them, cover self-employed workers in the liberal professions (doctors, architects, lawyers etc). Many associations, however, are not affiliated to an umbrella organisation, which makes it very difficult to gain an overview of the total number of organisations. The associational domain of the trade associations is often rather narrow. Many organise only comparatively small occupational groups of self-employed workers, like for example the association of freelance proofreaders and editors (Verband der Freien Lektorinnen und Lektoren, VFLL) or the German Society of Cinematographers (Bundesverband Kamera, bvK), an association of freelance directors of photography. Furthermore, some trade associations organise dependent employees and self-employed workers alike, e.g. the German Federal Association for Speech Therapy (Deutscher Bundesverband für Logopädie, dbf).

Due to the fragmented nature of the organisational landscape it is neither possible to assess the total number of trade associations organising self-employed workers, nor to give reasonable estimates for overall membership in these associations. Some associations, as for example the VFLL and the dbf, publish membership figures but many associations do not. Furthermore, as the total number of self-employed people in the varying membership domains cannot be assessed, it is virtually impossible to make any reasonable estimation about density rates.

3.2 Trade unions

There are several trade unions which are not only open to dependent employees but organise freelancers and self-employed workers. The largest of these trade unions which organises - among others - freelancers and self-employed workers without employees is the United Services Union (Vereinte Dienstleistungsgewerkschaft, ver.di) which is affiliated to the Confederation of German Trade Unions (Deutscher Gewerkschaftsbund, DGB). It is open to freelancers and self-employed workers in a wide range of service industries. In 2006 about 30,000 of the 2.2 million members of ver.di were self-employed.

The main focus of ver.di is on self-employed workers in the media and culture sector. There are several organisations associated with ver.di which organise self-employed workers. The Association of German

Writers (Verband deutscher Schriftsteller, VS) is a trade group within ver.di. The association of German speaking translators of literature (Verband deutschsprachiger Übersetzer literarischer und wissenschaftlicher Werke, VdÜ) is associated to the VS. The German Union of Journalists (Deutsche Journalistinnen und Journalisten Union, dju) is not an associated body but an integrated trade group of ver.di.

The trade union has set up a special service network for freelancers and self-employed workers in various occupations in the media sector, called media fon. *Media fon* operates as a service agency and offers comprehensive advice and counselling for self-employed workers on matters of contract negotiation, remuneration and social security. It offers its services to self-employed workers who are members of the union. The legal service is exclusively available to members of ver.di whereas more general services are offered in return for a fee.

The German Federation of Journalists (Deutscher Journalisten-Verband, DJV) is not affiliated to the DGB but is the biggest trade union of journalists. This union has about 40,000 members throughout the whole media sector, of which 15,000 are freelancers. The DJV offers just as ver.di a wide range of services to freelance journalists.

Affiliated to the DGB is the German Union of Education (Gewerkschaft Erziehung und Wissenschaft, GEW) which has some 250,000 members and organises according to GEW estimates a couple of thousand self-employed workers in particular in further education.

As the total number of self-employed workers in the various membership domains of the different unions cannot be assessed, it is impossible to make any reasonable estimations about density rates.

3.3 Social dialogue or collective bargaining

Collective bargaining on behalf of freelancers and dependent self-employed people is very rare. In principle antitrust law (*Kartellrecht*) prohibits self-employed workers without employees - as well as companies - from seeking arrangements on prices. According to article 12a of the German Collective Agreement Act (*Tarifvertragsgesetz*), however, it is possible to conclude collective agreements for those

persons who are considered by law to be 'similar to an employee'. This covers those freelancers who are economically dependent and usually work exclusively for one client or more than 50% (30% in the media sector) of their income is paid by one client. Based on this article there are a number of company-level agreements in public broadcasting concluded between the trade unions and several public broadcasting companies. The agreements provide collectively agreed rates of pay. According to ver.di these collective agreements are usually honoured by the companies. There is another collective agreement concluded between the DJV, ver.di and the Federation of German Newspaper Publishers (Bundesverband Deutscher Zeitungsverleger, BDZV) and several regional publisher associations. This collective agreement covers self-employed journalists, who are treated before the law as being similar to the employees at daily news papers in western Germany. The agreement provides collectively agreed rates of remuneration for texts and pictures provided by freelance journalists. This agreement is considered by ver.di to be not very meaningful in practice - as in many cases publishers pay less than the agreed rates and freelance journalists working in a highly competitive market rarely consider their position strong enough to insist on being paid the proper rates. However, ver.di considers the agreement useful in so far as it offers an orientation for freelancers about appropriate rates of pay.

There has been an involvement of trade unions in the legislative process which led to the amendment of the Copyright Act (*Urheberrechtsgesetz*, UrhG) in 2002. According to this amendment, article 32 of the UrhG requires employers and clients to pay a so-called appropriate remuneration (*angemessene Vergütung*) to the owners of copyright material. This particularly affected not only writers and journalists, but also photographers and other self-employed workers in the media sector. Following negotiations with a number of publishing houses and a mediation process which involved the Federal Ministry of Justice (Bundesministerium der Justiz, BMJ) an agreement was reached between ver.di and nine major publishers of literature about the appropriate remuneration for writers. The agreement (which is legally not a collective agreement) came into force in July 2005 and states that writers are to be paid at least 10% of the net sales price of a hard cover book and 5% of the net price of paperbacks for each copy sold. It also

contains provisions on how to remunerate writers if their titles are translated or sold to other publishers. Similar negotiations in the film industry and for newspapers have not yet resulted in an agreement.

There are also some regional attempts by ver.di to reach agreements for freelancers in the further education sector, especially for those working at an adult education centre (*Volkshochschule*).

According to a ver.di spokesperson, there is no social dialogue for self-employed workers without employees beyond the few examples mentioned above. However, many trade associations lobby parliament when legislation affects their particular interests or they take part in parliamentary hearings. For example, the BfB defends certain regulations which govern the liberal trades, whereas the dlb is engaged in parliamentary hearings concerning the assessment of the situation of children with regard to their linguistic capacities.

4 Employment and working conditions

4.1 Wage levels

There are no official data available concerning the wages of self-employed workers. According to the official income tax statistics (*Einkommensteuerstatistik*) of 2003 (most recent data available), the average annual income of income tax payers whose income was predominantly from self-employment (with or without employees) was €69,792, compared with €36,781 for those tax payers who did not have income from self-employment. From other research (Betzelt 2006) we know that incomes differ considerably according to occupation. Doctors, for example, earn on average much more than freelance journalists.

4.2 Incidence of low-paid jobs

There are no data available on the extent of low pay amongst self-employed workers. There is, however, a strong indication that low pay exists amongst self-employed workers and is probably even more widespread than amongst waged employees (Betzelt 2006; Fuchs 2006). The 210,000 self-employed workers in the start-ups which are subsidised from EXGZ-funds (see above) can largely be counted as low-paid but

are only a fraction of the unknown total number of low-paid self-employed workers.

4.3 Working hours

There are no statistics available on the working hours of self-employed workers without employees. There are also no figures available on the diffusion of work or of unsocial hours, but it is evident that some occupational groups such as lorry drivers or freelance journalists are particularly affected by work carried out during unsocial hours. However, no occupational statistics on the distribution of hours worked by self-employed workers are available.

According to the 2005 Micro Census of destatis, average weekly working time worked by all self-employed workers was 46 hours compared with 34.5 hours per week worked by waged employees. Whereas 78% of self-employed people work 40 hours per week and more, only 44% of waged male employees work these hours. Whereas less than 0.5% of waged employees work 70 hours per week or more, 9% of self-employed said in the Micro Census that they worked such long hours. 18% of self-employed workers work up to 31 hours a week whereas 25% of waged employees do so. This indicates that self-employed people are less likely to work part-time than waged employees.

4.4 Place of work

Again, there are no comparative studies available on the home/office distribution of self-employed workers without employees. The place of work varies according to occupation. Case studies (Henniger/Papouschek 2005) show that freelancers in the media sector are most likely to work at home, whereas software developers most often work in their clients' companies. Because of the diversity of occupations of freelancers it is not possible to draw general conclusions.

4.5 Exposure to risks and accidents at work

Whereas self-employed artisans (as for example joiners or carpenters) who are considered to be exposed to certain occupational risks, are legally obliged to join an occupational health and safety agency (*Berufsgenossenschaft*), other freelance occupations are exempt from this obligation. Freelancers can, however, join on a voluntary basis the

occupational health and safety agency for administrative occupations (Verwaltungs-Berufsgenossenschaft, VBG). According to the VBG there are no work accidents rates available for self-employed workers, neither from this agency nor elsewhere.

4.6 Health outcomes

There are no figures available on occupational illness rates for self-employed workers without employees. The Federal Institute for Occupational Safety and Health (Bundesanstalt für Arbeitsschutz und Arbeitsmedizin, BAuA) commissioned a research project called “selbständig & gesund” (self-employed and healthy). This project ran from July 2004 to June 2006 and aimed to assess the situation of health prevention for self-employed workers, including all self-employed workers with employees and the liberal professions. The BAuA stated that the health risks facing self-employed persons in connection with their work had not previously been the subject of systematic consideration in respect of industrial safety and health regulations.

The European Union issued a recommendation addressed to all member states in February 2003, urging them to develop measures and programmes targeted at appropriate groups. The aim of the project documented here was to provide conceptual and practical support for this process in Germany. To this end, the initial situation and points of departure for the systematic development of preventative measures for self-employed workers was assessed (target groups, prevention needs, existing transfer potential, experience gained with intervention and instruments). In 2006 a research report was published on prevention and the promotion of health in self-employment (Pröll et al. 2006). It was found that self-employed persons are subject to differing combinations of stress, depending on sector and profession, associated with the specific demands arising out of their area of activity (economic insecurity, pressure of responsibility, long working hours etc.). However, compared with the situation of waged employees, self-employed workers report less stress at work than dependent employees. According to a survey on the work situation of employees and self-employed workers (Fuchs 2006), 33% of self-employed workers reported high levels of stress at work compared with 57% of employees.

4.7 Lifelong learning

There is no data available indicating the extent to which self-employed workers take part in further training or similar educational measures.

4.8 Work-life balance

There is no data available and no data collected (information from the ministry of social affairs). According to survey data (Fuchs 2006) the degree to which self-employed workers report stress related to the organisation of working-time is rather similar to that of dependent employees. 23% of self-employed workers report no stress at work related to working-time compared to 20% of waged employees.

4.9 Job satisfaction

There is no data available on the degree of satisfaction with employment conditions. Survey data (Fuchs 2006) show that 58% of self-employed workers are satisfied with their working conditions, compared with 45% of waged employees. Self-employed workers are less frustrated at work and more often proud of their work than waged employees. However, the degree to which both groups of employees worry about their future is rather similar. A study by Protsch (2006) also concluded that on average self-employed workers are more satisfied with their jobs than waged employees.

5 The social partners' positions

While unions are aware that self-employed workers who can be considered as 'economically dependent employees' are an important group of employees, there are only few attempts to represent them. For many unions, organising self-employed workers is not a priority and they find it hard to connect to the special needs and world views of the diverse groups of self-employed workers without employees. The most advanced representation by unions is found in the media sector as described above. Ver.di has adopted a guideline for the representation of self-employed workers and it has also set up a federal commission on self-employment (Bundeskommision Selbstständige) as a body to represent self-employed workers within the organisation. Integrated in each four-year federal congress there is a separate conference for self-employed workers.

Both Ver.di and the DJV are interested in reaching agreements on pay and conditions which cover freelance workers. However, there are no initiatives apart from those described above. Ver.di also promotes transparency with regard to remuneration and has developed guidelines for the remuneration of freelancers in various media professions.

In Germany, a growing concern about the status of 'economically dependent workers' – formally self-employed people who are dependent on one employer (or a few employers) for their income and are not clearly distinguishable from employees as regards the organisation and the content of their jobs – led the Red-Green coalition government to substantially revise the law in 1999. The DGB welcomed the new law on the grounds that it helped to distinguish self-employment from dependent employment. The DGB strongly argued against a further extension of the type of self-employment which is labelled 'economically dependent work'. According to the DGB, such work relationships contribute to so-called wage dumping.

Because most freelancers organised in the unions are from the media sector, changes in the Copyright Law attract major attention by Ver.di as well as the DJV.

Concerning public policies and legislative regulation, the Confederation of German Employers' Associations (Bundesvereinigung der deutschen Arbeitgeberverbände, BDA) initially criticised the government's first draft bill of the Act to Promote Self-Employment. The BDA held that the drafted rules were too complicated and would restrict entrepreneurship. After the government had revised the bill, employers welcomed the amendments to a certain degree; they still, however, demanded a change to the rules on liability. They feared that the contractors of services provided by 'economically dependent workers' would be required to pay their share of the contributions mandated by law, in the event of the social security administration requiring 'economically dependent workers' to be covered by the statutory pension scheme. Once this share is required to be paid for the whole time of contractual relationship (with a maximum of four years), it could bring small companies, in particular, to the brink of bankruptcy.

6 Commentary

Self-employment without employees, including 'economically dependent work', is a significant part of overall employment. However, there is hardly any reliable data available. This is largely due to the fact that it is difficult to distinguish the different groups of self-employed workers without employees, "solo entrepreneurs" or freelancers. The category of self-employed workers without employees should be treated with extreme caution, because it covers a wide range of activities and employment relationships. It includes persons who are considered to be involuntarily self-employed and would rather prefer an employment relationship, but also certain occupations where people voluntarily chose self-employment as a means of having more freedom in carrying out their work. It is obvious that doctors and lawyers face different economic situations than freelance journalists, self-employed construction workers or owners of self-service stalls. Beside their formal legal status of self-employed, many groups of self-employed workers do not have much in common. The term industrial relations does not make much sense for most groups of self-employed workers as there are in general no collective bargaining parties.

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7 Annex - Questionnaire

1. Legal provisions and social security

1. Please provide the definition of self-employed workers which is applicable in your country.
2. Briefly indicate the main differences, if any, in the social security regime of self-employed workers with no employees compared with: a) employees; b) self-employed with employees.

If relevant, please mention whether there are significant differences across sectors/occupations (for instance, crafts workers, salespersons, etc.).

If no specific treatments/protections are envisaged for self-employed workers without employees, please very briefly sketch the general regime which apply.

3. Please indicate the existence of any particular legal forms of employment which cover contractual relationships which are commonly regarded to be mid-way between dependent employment and self-employment (if necessary, see for a longer discussion of the concept the EIRO comparative study 'Economically dependent workers', employment law and industrial relations').

If such legal forms of employment are present, please report:

- a. whether they are commonly considered as economically dependent employment;
- b. specify the main features of such forms of employment and whether they enjoy specific social security regime and, if relevant, the basic features of such special regime (please refer this illustration to the answer given to question 1.2 above).
- c. indicate any rules which generally apply to this kind of employment as for: a) working time and vacation; b) maternity and parental leave; c) sick pay and leave for sickness

2. Recent trends in self-employment with no employees

1. Please provide data on recent trends in self-employment (since 2000):
2. Please report, according to available research and studies,
 - a. the distribution of self-employment without employees across sectors and occupations;
 - b. whether self-employment without employees has either increased or decreased significantly in recent years (since 2000) in specific:
 - Sectors and activities.
 - Occupations (International Standard Classification of Occupations – [ISCO 88](#), at one digit).and in specific groups of workers defined by:
 - Gender (men/women).
 - Age groups (younger/older; 14-24, 25-54, 55-64; 65 and over).
 - Nationality (nationals/foreign nationals).
 - Other relevant dimensions to be specified.
3. Based on existing research and studies, please provide any available data on the diffusion and recent trends of:
 - a. All legal forms of employment indicated in section 1.3 above (contractual relationships mid-way between dependent employment and self-employment and economically dependent employment), specifying whether they concentrate in any sectors and/or occupations.

- b. 'Bogus self-employment', i.e. formal self-employment which is fraudulently used to disguise contractual relationships which should be properly registered as dependent employment, in order to avoid the protections and costs (both wage and social contributions) connected with the latter, specifying whether it concentrates in any sectors and/or occupations.

3. Collective representation and collective bargaining

4. NCs are requested to indicate the main collective representation organisations of employed workers with no employees or of the workers with the special contractual relationships illustrated above in section 1.3. In particular, they should provide information on:
 - a. The type of associations (trade associations or trade unions).
 - b. The associational domains of each of such associations: territorial, sectoral, occupational, professional, etc.
 - c. Membership and membership rates.
 - d. Any forms of social dialogue or collective bargaining these associations engage in, specifying:
 - The levels at which such activities take place (national, sectoral, territorial, company).
 - The actors they engage in these activities with (public authorities, employers associations, single employers).
 - The topics typically covered by these activities.
 - The typical outcomes of such activities (joint documents and declarations, guidelines, agreements, etc.)
 - A brief description of the content of some (two or three) of the main and most recent of such documents.

4. Employment and working conditions

5. **Wage levels**, of self-employed workers without employees compared with the national average.
6. The **incidence of low-paid jobs** (that is, according to the OECD definition, jobs which pay less than two-third of the median wage) among self-employed workers without employees compared with the national average.
7. **Working hours**, of self-employed workers without employees compared with the national average:
 - a. Average hours actually worked per week.
 - b. Diffusion of long working hours (more than 10 hours a day).
 - c. Diffusion of work at unsocial hours (night, weekend).
8. **Place of work** of self-employed workers without employees compared with the national average:
 - a. Home/office distribution.
9. Exposure to **risks and accidents at work** of self-employed workers without employees compared with the national average:
 - a. Work accident rates.
10. **Health outcomes**, work-related health problems and occupational illnesses of self-employed workers without employees compared with national average:

- a. Occupational illness rates.
 - b. Work intensity and stress at work
11. **Lifelong learning** of self-employed workers without employees compared with the national average:
- a. Participation rates in continuous education and training.
12. **Work-life balance** of self-employed workers without employees compared with the national average:
- a. Presence and take up rates of maternity/parental leave (according to the applicable social security regime).
 - b. Presence and take up rates of long-term leave (according to the applicable social security regime). If possible, please indicate the reasons for long-term leave.
 - c. Degree of control of personal working time.
 - d. Degree of consistency of personal working time with family and social commitments.
13. **Job satisfaction** of self-employed workers without employees compared with the national average:
- a. Degree of satisfaction with employment conditions.
 - b. Degree of satisfaction with working conditions.

5. The social partners' positions

Please illustrate the general positions and main initiatives of the social partners on the issue of self-employment without employees concerning: a) representation; b) collective bargaining and joint regulation; c) legislative regulation and public policies.