

The future of work is now: Strengthening access to social protection

Extending coverage

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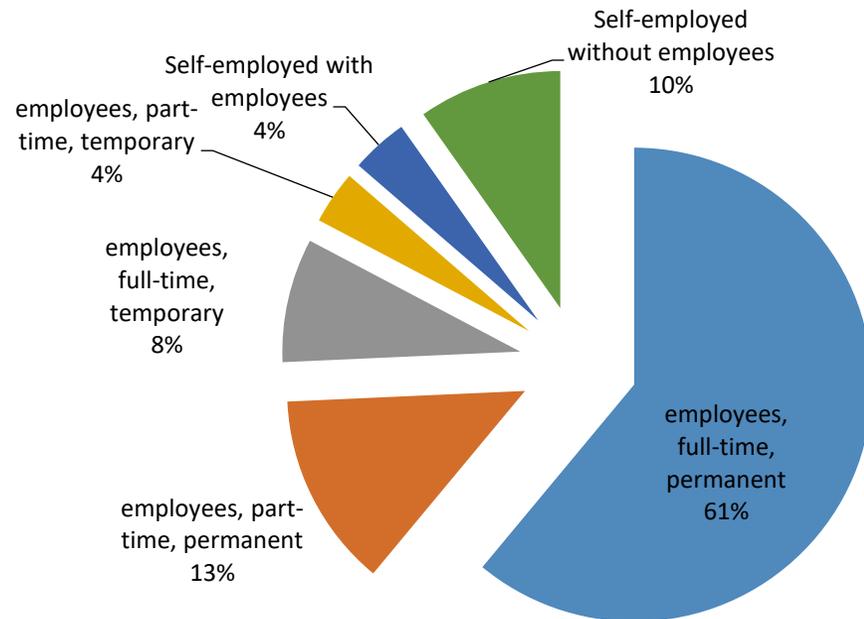
Overview

- Standard work and work-related social protection
- Gaps in social protection for non-standard workers and self-employed persons
- Extending coverage
 - Formal access
 - Effective coverage
 - Adequate protection
- Conclusion

‘Standard’ work and work-related social protection

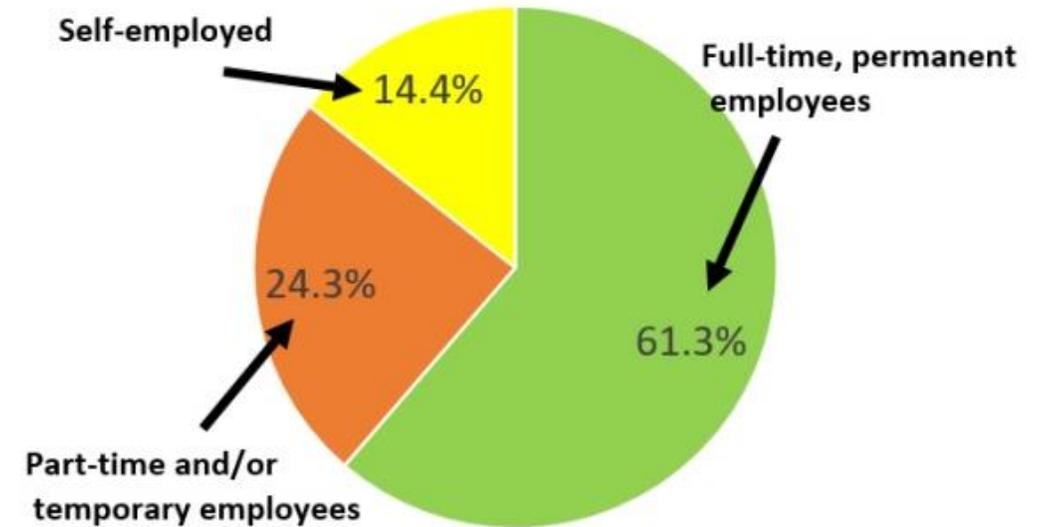
How does the labour market look today?

Population in employment by status, EU-28, 2018



Source: Eurostat, Labour Force Survey, 2018

Population in employment by status, EU-27, 2021



Source: Eurostat, Labour Force Survey

The meaning of standard work?

What is standard work?

Standard as '**most common**'

61% workforce in the EU is in indefinite full-time employment.

Standard as 'regulatory standard'

"The stable, open-ended and direct employment relationship between a dependent, full-time employee and his unitary employer" (Walton, 2016)

became the **standard** for the regulation of the male labour market during Fordism because:

- It provided a secured pool of middle-skilled workers.
- It provided the income security needed for developing consumerism and the welfare State.

Standard employment relationship

Typical work: the meaning of a standard - II

Employment relationship

- Personal subordination
- Bilateral character
- Salary

- Economic dependency
- Mutuality of obligations
- Work usually, performed at the employer's permises

STANDARD
EMPLOYMENT

LABOUR STABILITY

INCOME SECURITY

- Indefinite duration
- Full-time



- Salary which is sufficient to ensure livelihood
- Expectation of an adequate level of social insurance

How non-standard work and self-employments challenge social protection?

WHY IS IT IMPORTANT FOR SOCIAL PROTECTION?

TO DEFINE/
TO DETECT
WORK

Persons in 'work'
earn a 'salary'

Persons not in work
need to find work

Employer as key-
actor for benefits /
financing

Employer decides
on redundancy

Thresholds in social
protection schemes

TO DETECT
EMPLOYER

LACK OF
LABOUR /
INCOME
STABILITY

HOW IS IT CHALLENGED BY NON-STANDARD WORK/SELF-EMPLOYED?

Income beyond salary/Unpaid activities/informal work? ...

Unpaid work

Marginal work?

Multiple 'employers'

Eer based social protection?
Issue of classification: Bogus
self-employed

Very small number
of hours / low
income

Difficult to track hours

Gaps in social protection for non-standard workers and
self-employed

Gaps and system typology (self-employed)

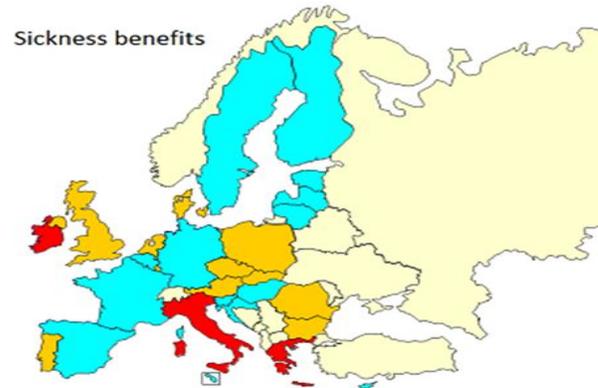
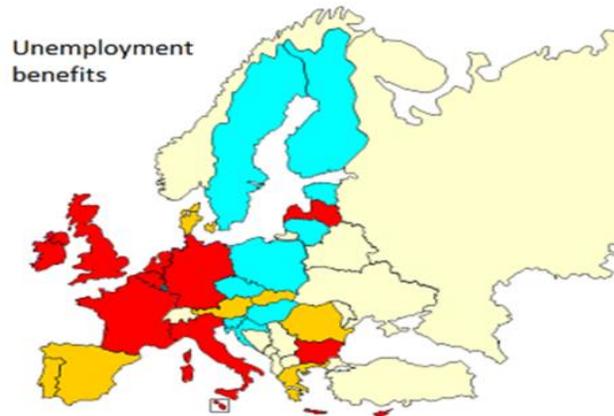
<p>‘Inclusive systems’ (Mandatory protection)</p>	<p>‘Access à la carte systems’ (Access but with specific arrangements)</p>	<p>‘Exclusive systems’ (No full access to social protection)</p>
<p>HR, HU, LU, SI</p>	<p>AT, DE, DK, ES, FI, PL, MT, PT, ES, UK</p>	<p>BE, BG, CY, CZ, EE, FR, EL, IE, IT, LV, LT, NL, RO, SK</p>

S. Spasova et al, “Self-employment and social protection: understanding variations between welfare regimes”, *Journal of Poverty and Social Justice*, vol 27, No 2, 2019, (157), 162

<p>‘Universal/general’</p> <p>A (basic) social protection in the same system for all working groups of the population or even for the whole population.</p>	<p>‘General for all self-employed’</p> <p>A system where all professional categories of self-employed people are compiled into one social security system.</p>	<p>‘Categorical’</p> <p>Specific systems for different professional categories of self-employed persons. Benefits may differ across the categorical systems.</p>
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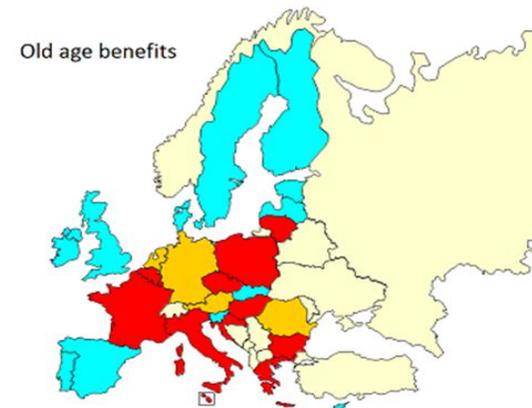
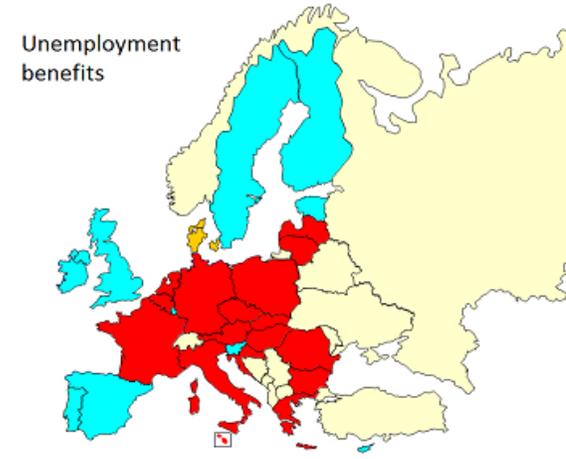
Is everyone having access to social protection?

The case of the self-employed



- Mandatory coverage
- Voluntary coverage for at least one category of self-employed
- No formal coverage for at least one category of self-employed

The case of non-standard workers



- Mandatory coverage
- Voluntary coverage for at least one group of non-standard workers
- No formal coverage for at least one group of non-standard workers

Access to social protection for self-employed workers

Most problematic schemes in terms of access: Unemployment – Accidents at work & occupational injuries - Sickness	Formal access			
	Available		Only means-tested/flat rate protection available (if different than for workers)	Not available
	Mandatory	Voluntary / opt-out and exemptions		
Unemployment	CZ, EL*, ES*, FR*, HR, HU, IE, LU, LT*, MT, PL, PT*, SI, UK*	AT, DE, DK, FI, RO, SE, SK	BE, EE	BG, CY, IT*, LV, NL
Accidents-at-work & occupational injury	AT, HR, HU, IT, PL, LU, MT, PT, SE, SI	DK, DE, ES, FI, UK		BE, BG, CY, CZ, EE, FR, EL*, IE, LV, LT, NL, RO, SK
Sickness benefits	AT*, BE, CY, DK, EL*, ES*, EE*, FI, FR, HR, HU, LU, LT, LV, MT, PL, PT*, RO, SE, SI, SK* UK*	BG, CZ, DE*, IE, NL		IT*

*access only for certain categories or differentiated access (voluntary/compulsory) according to the category of self-employed or income/asset/contribution levels. Source: S. Spasova & S. Roshan (2023, forthcoming)

Access to social protection for non-standard workers

- In 17 Member States, at least one group of non-standard workers faces formal gaps
- Branches with most gaps:
 - Unemployment (13 MS)
 - Sickness (11 MS)
 - Maternity benefits (9 MS)
- Categories most affected
 - Casual workers; those on simplified, short-term fixed contracts; seasonal workers; country-specific work contracts; apprentices and trainees

Gaps social protection (self-employed)

Regardless type of system

- Own kind of work
 - Unemployment
 - Sickness
 - Accidents at work/occupational diseases
- Income thresholds (more recent evolution)
 - Solo self-employed

Gaps social protection (non-standard workers)

- Typology?
- Mainly effect thresholds
 - Low income and income thresholds
 - All schemes
 - Yet, specifically sickness, unemployment, maternity

COMPARATIVE OVERVIEW SOCIAL SECURITY PLATFORM WORK: **GERMANY**

	EMPLOYEE			SELF-EMPLOYED			
	Monthly income over €450	Monthly income under €450	Duration 70 days / 3 months	Employee-like person	Home trader	Artist or publicist	Trader or free-professional
Old-age pension	✓	✓	✗	✓	✓	✓	voluntary
Invalidity pension	✓	✓	✗	✓	✓	✓	voluntary
Contributory unemployment benefit	✓	✗	✗	✗	✗	✗	✗
Basic unemployment benefit	✓	✓	✓	✓	✓	✓	✓
Maternity/ paternity	✓	voluntary	voluntary	voluntary	voluntary	voluntary	voluntary
Sickness/ sick pay	✓	voluntary	voluntary	voluntary	voluntary	voluntary	voluntary
Accident at work	✓	✓	✓	voluntary	✓	voluntary	voluntary

Extending formal coverage

Principle 12 of the European Pillar of Social Rights

“Regardless of the type and duration of their employment relationship, workers, and, under comparable conditions, the self-employed, have the right to adequate social protection.”

‘Labour status neutrality’

Proposal for a COUNCIL RECOMMENDATION on access to social protection for workers and the self-employed - COM/2018/0132 final

Formal coverage

- ‘Member States are recommended to ensure access to adequate social protection for all workers and self-employed persons in respect of all branches mentioned in point 3.2. of this Recommendation. In light of national circumstances, it is recommended to achieve this objective by improving the formal coverage and extending it to:
 - (a) all workers, regardless of the type of employment relationship, on a mandatory basis;
 - (b) the self-employed, at least on a voluntary basis and where appropriate on a mandatory basis.’

(Council Recommendation 12753/19, 15 October 2019)

Extending coverage: mandatory - voluntary

- Mandatory remains 'standard' approach
 - Solidarity requires high degree of redistribution → statutory schemes (public law)
 - Voluntary protection: high income groups and low income groups → drop out (Codagnone 2018)
 - Low-take up SE overall voluntary schemes in reality
 - Low take-up voluntary schemes → high potential dependency on social assistance schemes
 - Risk of fragmentation protection according to (professional group)
 - Mobility on flexible labour market?
 - Growing relevance qualification professional activities (bogus self-employed)
- Voluntary: 'non-standard' approach

Extending coverage: effective protection

Problems effective coverage

Time- and income- thresholds affecting the contingencies

- **Health care:** rather exceptional (minimum qualifying period and especially minimum income thresholds)
- **Accidents at work/occupational diseases**
 - Sometimes waiting period
- **Sickness, invalidity and maternity: most countries**
 - Minimum qualifying period
 - Waiting period (sickness)
 - Sometime covered by wage continuation
 - Especially self-employed → shorter duration of payment benefit
- **Old age, invalidity and survivorship (pensions), including work accidents**
 - Qualifying records (and work records)
 - Dual function: opening – composition of benefit
- **Unemployment**
 - Most schemes apply (min) work records (dual function)

Problems effective coverage

Time- and income thresholds are (often) historically justified (see above ratio and standards) and strongly rooted in our systems

... yet were traditionally designed with standard workers in mind

But they **hit often disproportionately non-standard work and self-employment**

- EU Commission Draft Joint Employment Report
- OECD Employment Outlook 2019

Problems effective coverage

Time- and income- thresholds are...

... more challenging for non-standard workers:

- to reach the full-time equivalents of the time and income conditions
- to reach defined minimum level, especially when fragmented time and income records cannot be added
- for reaching decent benefit levels

... more challenging for self-employed:

- to open entitlement for sickness and unemployment (if formal access provided) due to longer waiting periods
- to access part-time or partial benefits (pensions, invalidity)
- for reaching decent benefit levels
 - Low or irregularly structured prior income
 - Limited assimilated periods

But for SE also a **work-related issue**

Addressing effective coverage

Recommendation (2019) call for a redefinition of the thresholds in line with non-standard work and self-employment

FTE in qualifying periods, work records → redefined in smaller time units, possible to be reached across longer periods

e.g. Re-determining time thresholds in Belgian sickness and pension schemes and in Dutch unemployment and invalidity schemes

Adding concurring entitlements in different systems

e.g. Integrated income accounts

Danish and Irish unemployment insurance schemes

Bulgarian schemes for sickness, maternity and unemployment

French pension scheme

Specific application rules justified by type of work (e.g. SE → sickness and unemployment)

Addressing adequate protection

Adequacy = adequacy and financing

- Focus = adequacy of benefits and its interrelation with financing social protection
 - What is an adequate level of social protection benefits?
 - Issues with organising financing self-employed and non-standard workers
 - Declaring their own income (cfr. Article 12 Rec: financing capacity)
 - Fluctuating income (cfr. Article 14 Rec: objective and transparent)
 - How to define income? (cfr. Art 13 Rec: same level as WE?)
- Adequate benefits pre-supposes adequate ways of financing: interrelation underlying principles social protection, esp. social insurances (proportionality and equivalence)

Problems adequacy: financing non-standard work

Non-remunerated non-standard work

Exemptions to contribute?

Character of activity (study)

Marginal nature of activity?

Relevant for society and/or family

Exempted 'side-activity', because covered 'main' activity

Person itself, combining main and side activities

Family member of person

Helping spouse >< EU Directive 2010/41/EU equal treatment men and women

engaged in self-employed activity

Constitutional Court Belgium (23/4/2020): side activity, exemption from social security

contribution/coverage >< equality of treatment (art. 10 Constitution)

Conclusion

- Pathways to extend coverage?
 - More universal protection?
 - Yet need for rethinking financing! 'Follow the money'
 - In work related schemes: more (labour status) neutral rules!
 - In social insurances: proportionality/equivalence
- More 'income' protection?