

Non-standard forms of employment: Recent trends and future prospects

Introduction

The main focus of this paper is the growth of non-standard employment over the last decade. It finds that, apart from part-time work, there has not been an increase in non-standard employment during this time. However, both temporary contracts and self-employment grew, quite strongly in some Member States, in the long economic boom from the mid-1990s and up to the onset of the recession in 2007. It is, of course, primarily when times are bad that the need for employment and social protection is made manifest.

The most relevant of possible future developments of non-standard work, whatever their contractual form, are related to digitalisation. The cost efficiency of work mediated by digital platforms implies that potential exchanges of low economic value relative to the transaction cost, which previously were not economically viable, are becoming so. Thus one of the more meaningful characterisations of this phenomenon is the 'gig' economy, that is, trade in one-off exchanges. While evidence regarding the extent of such work is very limited, this paper estimates that people engaging in this work as their main labour market status do not make up more than 0.5% of all employment in Europe. While the economic logic of these platforms appears to be compelling, and certainly the stock market is predicting strong future growth, it would be premature to predict significant employment growth as a result of digital platforms in their current form. Possible barriers to future growth include the internalisation of such business models within the firm and the substitution of labour by new technology in the more routine of the tasks currently performed by platform workers.

Social protection is a prominent issue for digital platform work. The short duration and occasional nature of 'gigs' organised through platforms raises essentially the same issues, of income and other thresholds, as those which apply to casual work on temporary contracts. The most prominent labour law and social protection issue, however, is whether the worker is self-employed or an employee.

There is no clear definition of the employment status for work via platforms, and it varies with the particular circumstances of the many various forms of platform work. Of particular relevance is where on the continuum from mere matching to management a particular platform is located. While the European Social Insurance Platform sees little need for a comprehensive reform of social protection, at least as regards digital platforms doing virtual work, some Member States have enacted specific legislation.

Key findings

- There was previously a significant increase in the temporary employment rate, particularly since the late 1980s. This occurred, for example, in France and Spain between 1985 and 1995, Sweden in the early 1990s and Germany in the early 2000s. More recently, the large increase in Poland was particularly striking, rising from only 4.6% in 1999 to 28.2% by 2007.
- However, in the last decade, there has been no upward trend in the rate of temporary contracts overall in the European Union; indeed, there was a slight decline from 14.5% in 2006 to 14.2% in 2016.
- The probability of having a temporary contract is high for the young, foreign-born workers, those with low educational attainment and those in elementary occupations. There is now less than a one-percentage-point difference in the male and female rates.
- Despite growing in the 15 years up to the recession, temporary agency work has remained well below the rate of temporary contracts. In recent years, it has declined, and in 2015, it accounted for 1.9% of all employment in Europe.
- Part-time work, which has been growing for decades, continued to grow since the onset of the recession. It now accounts for just under 20% of all jobs in the EU (24% in EU15), up from 16% in 1996. This is a widespread phenomenon and has occurred for all ages, both genders, and among various labour market states, occupations and sectors.

- There has been a notable increase in very short weekly hours (10 hours or less per week) in, for example, Austria, Germany and Denmark. Overall in the EU, the male share has grown from 1.5% to 2.8% (of all male workers), while the female share has increased from 6.1% to 6.6%; it has risen particularly among the young. Almost half of part-time workers working short hours do not consider their main labour status to be that of a worker.
- Involuntary part-time work increased from 22.4% of all part-time work to 29.1% between 2007 and 2015. This change is correlated with the change in unemployment rates in Member States, with strong increases in Cyprus, Greece and Spain; Germany showed the sharpest decline in both unemployment and involuntary part-time work.
- Despite relatively more men becoming involuntarily part-time, there are twice as many involuntary female part-timers. Involuntary part-time work is more prevalent in lower-paid service occupations and among sales and service workers.
- Own-account workers (self-employed without employees) make up 10% of all employed, while employers (self-employed with employees) account for 4.5%. Of the self-employed, 18% could be classified as dependent on the basis of their self-perceived and objective economic situation.
- Self-employment, which rose in many Member States up to the recession, has at EU level declined by almost half a million in the last decade. It has increased rapidly, however, in the UK since the turn of the millennium; growth is mainly among own-account workers. The Czech Republic, France, the Netherlands and Slovakia also show strong growth. Germany, Poland and Sweden are among the Member States with declining self-employment.
- Evidence from the Netherlands and Germany suggests that the primary motives for own-account self-employment are positive factors related to, for example, autonomy and opportunity. However, there are also more negative motivations, related to the lack of other options, and more so in Germany than the Netherlands. A small percentage even stated that it was due to their ‘employer’ wanting them to be self-employed.
- Still, a sizeable share (12.6%) of the self-employed in the Netherlands and Germany – countries with relatively well-developed social protection systems – could be classified as ‘precariously self-employed’, based on various measures of financial resilience and social protection. Nevertheless, a high proportion of self-employed believe it is incumbent upon them to provide for their own social protection.
- Evidence from European surveys shows that most of the most recent growth in self-employment has been in well-paid occupations. This was also found in studies based on national data from the UK.
- The only estimate of the prevalence of digital platform work identifying labour market status at a single point in time, based on a random sample of the population, is from the USA, where was estimated to be 0.5% of all employment in 2015. While the authors state that this number ‘requires many caveats’, they note that other estimates, using other methods, arrive at a similar number.
- In Europe, the most reliable estimate is from the UK in 2016, which found that 4% of employed people performed such work at any time in the past year; 25% of these reported that this was their main job. This is not incompatible with the 0.5% (at a single point in time) reported in the US study. Other recent studies arrive at a similar figure not only for the UK but also for the Netherlands, Germany and Sweden.
- Slightly more men than women work via digital platforms and more young than old, particularly among those who do this work intensively. They have similar levels of education as other workers.

Further information

The report *Non-standard forms of employment: Recent trends and future prospects* is available at <https://www.eurofound.europa.eu/publications/customised-report/2017/non-standard-forms-of-employment-recent-trends-and-future-prospects>

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