FUTURE WORKING:
THE RISE OF EUROPE’S INDEPENDENT PROFESSIONALS (iPROS)

Patricia Leighton
Professor of European Social Law
at the IPAG Business School, France.
with
Duncan Brown

“iPros are virtually invisible in academic literature”
Professor Patricia Leighton is Professor Emeritus at the University of South Wales, UK – former Jean Monnet Professor of European Law - and a Professor at the College of Europe, Bruges. She is currently Professor of European Law at the IPAG Business School, France and a member of their research group. Her research and publishing interests are employment relationships, atypical contracts and self employment. She has undertaken a wide range of projects funded by governmental and public bodies such as the European Commission, ILO, UK and other EU governments and private bodies. She has written several books on employment contracts and their management.

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“Traditional hierarchical organisations are struggling. People are increasingly rejecting traditional employment with its lack of personal control and repression of creativity. New ways of working are emerging, new forms of collaboration, new structures, new alliances and new opportunities. iPros are at the heart of this.”

By the beginning of 2013, five years since the onset of the recession, there had been a loss of around seven million jobs across the European Union. On average, one in ten people were left without work, with countries such as Spain and Greece facing much higher unemployment rates. Yet one part of the labour market bucked this trend.

The EU has seen a new phenomenon - the rise of the independent professional, or iPro, often referred to as freelancers. Their rise represents a major shift in the nature of work and ways of working. No longer can work be defined simply in terms of working for a big corporation, public sector employer or an SME. iPros, with their different approaches to work and distinct philosophy, have the ability to be flexible and innovative, and provide value-added to businesses and economies.

iPros are highly skilled self-employed individuals who work for themselves but do not employ others. They range from journalists and designers to ICT specialists and consultants. iPros represent a significant segment of professional working generally, making up 25% of all those working in professional, scientific and technical work and 22% of all those in arts and entertainment. The growth in iPros in the EU since 2004 has been remarkable. Numbers have increased by 45% from just under 6.2 million to 8.9 million in 2013, making them the fastest growing group in the EU labour market.

The growth in iPros has not been consistent across EU states, but in the Netherlands, Poland and France it has been especially marked. The EU still faces unprecedented levels of unemployment and without this growth in iPro working, the picture would be much gloomier.
What do we know about iPros?

In spite of this growth little is known about iPros, the way they work and the barriers they face. Who are they? Why do they choose to work this way and how do they cope with uncertainty and risk?

**Percentage growth in iPros 2004-2013**

- **EU27**: 45%
- **NETHERLANDS**: 93%
- **POLAND**: 88%
- **FRANCE**: 85%
- **UNITED KINGDOM**: 63%
- **FINLAND**: 56%
- **BELGIUM**: 53%
- **SPAIN**: 51%
- **GERMANY**: 43%
- **ITALY**: 12%

iPros are virtually invisible in academic literature, and in official statistics they are subsumed in either self-employment or SME data. Yet they provide a responsive, competitive supply of expertise to cater for constantly changing client needs and contribute to economic growth. At a time of rapid change and increased competition, it is critical that European policy makers and the business community understand iPros, the skills and innovation they provide, and ways in which their contribution to the economy can be nurtured.

**Finding out more about iPros**

This research aimed to find out more about iPros and understand the reality of their working lives, the regulatory framework they work within, and the wider context of their work. The research was carried out in two phases between June 2012 and May 2013. The first phase involved the analysis of existing data and trends in iPro working across the EU with a focus on nine states. Phase two consisted of 87 face-to-face or telephone interviews with three groups: iPros drawn from three representative professions, leading academics, and leaders of professional bodies and trade unions, administrators and politicians familiar with the issues around iPro working.
What did the research find?

The research confirmed there is a major change in the way work is performed - a shift from having a job to working for clients. A new and exciting radical agenda based on collaboration rather than competition has emerged as a response to perceived failures in existing business and management strategies. However, there are also many barriers to being an iPro and working in this way is complex. It demands policy makers and client organisations to devise customised initiatives to support iPro working.

iPro working

The rise of iPro working marks a distinctive shift to a more collaborative way of working. iPros value autonomy and freedom, yet to be effective they need the appropriate support. As their specific needs are not recognised, iPros have developed their own supportive environments in the form of co-working spaces and professional hubs. The current regulatory and support frameworks within which iPros work require adjustment.

Attitudes towards iPros

The importance of iPro working is increasingly being recognised as having legitimacy. However, iPros do face constant accusations of ‘sham’ self-employment, where employees are forced or voluntarily become self-employed to minimise tax and other liabilities. They feel they are treated with suspicion and hostility by fiscal authorities, ignored by politicians developing initiatives to support new enterprises, and marginalised by the wider business community.

Becoming an iPro

iPros find this way of working fulfilling. Many choosing to work in this way have rejected standard employment, which they feel requires conformity and represses creativity. Survey data indicates that many EU citizens (37%) share these views and wish to work independently but are deterred by fear of failure, a lack of finance and skills, and red tape.

There is a scarcity of support for those starting out as an iPro. The perceived unavailability of relevant and affordable information and advice has resulted in iPros being concerned with their lack of business skills.

Professional bodies & training

iPros in regulated professions regard professional bodies highly, including for training purposes. However, others generally reject the need for such organisations and look to less formal and contemporary forms of professional support such as online training, social clubs/networks, and interdisciplinary facilities. iPros operate in fast moving knowledge areas and the lack of continuing professional development amongst them emerges as a critical issue.
Policy implications

Placing iPros in SME or entrepreneur categories is considered misconceived. This emphasises the definitional and categorisation problems relating to iPros. Government policy favours traditional employment patterns and iPros feel this is because they are difficult for policy makers. Policy makers tend to focus on job creation rather than work creation, an area where iPros actively contribute. They neglect the indirect job creating potential of iPros who help businesses to cut costs and become more efficient.

Recommendations

The findings of the research has led to a series of recommendations targeted at policy makers, professional bodies, clients of iPros and iPros themselves. If implemented, these recommendations will enable iPros’ contribution to businesses and economies to be nurtured, and iPro workers in the EU will grow at an even faster rate.

The recommendations relate to:
- Awareness, recognition and the contribution of iPro working.
- Finding a voice for iPros.
- Training and development.
- Providing support for iPros.

Policy makers and public officials should:
- Ensure that iPros are properly researched and indentified in national and EU data.
- Recognise that iPros are a distinct group: they are neither SMEs or entrepreneurs and are not ‘sham’ self-employed either.
- Recognise the contribution of iPros to economies and ensure that iPros’ characteristics and needs are specifically recognised in policy development.
- Ensure that iPros are expressly considered where policy issues with particular relevance (e.g. late payment, access to public procurement contracts, enhancing employability) are being addressed for SMEs.
- Ensure that policy and legal developments
do not negatively impact iPros and that iPros are not disproportionately penalised through fiscal and other regimes.

- Ensure that there is an emphasis on work creation in publicly funded schemes to support the creation of jobs so that iPros are not excluded or disadvantaged.
- Recognise that iPro working is a legitimate and realistic career option, and encourage this way of working by funding those transitioning from traditional forms of employment into iPro working.
- Facilitate iPros in gaining a voice to express views and concerns, and ensure they have adequate representation at EU level through committee and consultative body membership, and seats on advisory boards so they can be consulted when change is proposed.
- Develop new models of work support with greater flexibility and creativity in order to explore different ways of responding to iPros’ needs.
- Encourage iPros to engage in continued professional development by considering their specific training needs and providing funding through the form of tax concessions, subsidies or vouchers.

**Professional bodies should:**

- Clearly identify and take into account the distinctive needs of iPros as well as employee members.
- Recognise that the growth in iPro working presents new opportunities and take an innovative approach to recruiting iPros.
- Consider how best to provide iPros with support, particularly in terms of useful training and offering a wider range of relevant services.

If implemented, these recommendations will enable iPros’ contribution to businesses and economies to be nurtured, and iPro workers in the EU will grow at an even faster rate.
iPros should:
• Consider the most effective ways of achieving a voice and identify avenues to express unifying views and promote iPro working.
• Identify specific issues and concerns relating to iPro working and develop a policy agenda to highlight these.
• Continue to develop and gain support for innovative support structures.
• Take responsibility for career development in a more active and coherent way.
• Recognise that collaboration does not undermine independence and find the right balance between working in isolation and with others.

Clients of iPros should:
• Clearly identify and take into account the distinctive needs of iPros.
• Recognise that the growth in iPro working presents challenges to traditional management practices and develop new models of working in response to this.
• Review existing contractual and other issues that may inhibit the way in which iPros work.
• Recognise the implications of late payment and other practical concerns that iPros often encounter.

1. Professor Leo Witvliet, Business University, Nyenrode, Netherlands.
2. Belgium, Finland, France, Germany, Italy, Netherlands, Poland, Spain and the UK
3. Lawyers, writers of various sorts and IT professionals
**INTRODUCTION**

By 2013, around five years since the financial crisis and the onset of recession, the European Union’s 27 member states had between them lost around seven million jobs. On average over one in ten people were left without work. In some states there were huge levels of youth and graduate unemployment, sometimes over 40%. Yet one part of the labour market certainly bucked the trend, offering new work for well over a million people. These were not people finding unskilled, casual work to survive – they had roles in highly skilled, high value-adding industries ranging from financial services, creative occupations and specialist consultancies through to information and other technologies.

These weren’t people finding new salaried roles but striking out on their own, to offer their skills, know-how and hard work to a range of different organisations. They were becoming independent professionals or, as we call them, iPros. iPros include some of the established liberal and regulated professions – law, accounting, medicine – but also the so-called ‘new professions’ such as journalists, IT consultants, designers and translators. They provide expert services on a freelance basis, often working in collaboration with others but not taking on employees to share their work.

It’s to tell the iPro story – and the help and hindrance they experience along the way - that we’ve researched and written this report. As we shall see, that story is too often passed over in media discussion, academic debate and policy initiatives, and yet culture and

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iPros: neglected by employment and business policy?

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government has a decisive impact on the opportunity to become and succeed as an iPro. Too often, iPros are taken for granted and assumed to be able to take care of themselves; decisions over taxation, regulation and the wider business and employment environment are made without regard to their effect on the iPro workforce. This report is about changing that by helping commentators and policymakers to see more clearly what an iPro working really is, and the contribution iPros make and could make to a dynamic economy, especially amidst rapid technological change and fierce global competition.

## Defining iPros

While iPros have always existed within the labour market, they can be difficult to identify. For this report, we follow the pragmatic and functional approach taken by Rapelli; relying on two key criteria for classification as an iPro:

- Independent means that an iPro is self-employed in the strictest sense, working for themselves with no employees.
- Professional means that an iPro engages in service activities not in the farming, craft or retail sectors and are generally highly skilled and well qualified.

Both criteria are important, and together they allow us to draw upon established data sources to identify the numbers involved. Again, following Rapelli, and reflecting the insistence upon a professional pathway for a person to be classified as an iPro, we limit the population to those working in the following sectors laid down in Eurostat’s NACE 2 classifications:

- Information and communication (NACE key J, code 58 to 63)
- Financial and insurance activities (NACE key K, code 64 to 66)
- Real estate activities (NACE key L, code 68)
- Professional, scientific and technical activities (NACE key M, code 69 to 75)
- Administrative and support services (NACE key N, code 77 to 83)
- Education (NACE key P, code 85)
- Human health and social work (NACE key Q, code 86 to 88)
- Arts, entertainment and recreation (NACE key R, code 90 to 93)
- Other service activities (NACE key S, code 94 to 96)

Using these sector classifications to identify a ‘professional workforce’, we then compare that group with those identified as self-employed, and then narrow it further to consider only those self-employed and not employing others.

## A hidden resource

By their nature, iPros aren’t the easiest to observe. For many, their work is wrapped in a wider context set by the client organisation hiring them for their expertise. Think of an IT consultant hired to implement a manufacturer’s new supply chain management system; or a freelance journalist contributing an article to a magazine; or a translator helping to secure an export deal. In all cases, their work as an independent is barely visible from the outside.

So why does it matter? It matters because their independence allows their specialist skills to be available more flexibly and adaptively across the economy. Perhaps that manufacturer couldn’t afford to employ that IT consultant; perhaps that magazine has commissioned a single piece...
from a leading journalist to increase its profile; perhaps the exporter doesn’t have the language skills available. As a result, the necessary expertise isn’t available at a critical point, and opportunities and innovations are lost as a result.

Their independence allows their specialist skills to be available more flexibly and adaptively across the economy.

Working on different projects with different clients over time, iPros can earn a living commensurate with their expertise while making their skills more affordable to potential clients. As technology progresses and the division of labour deepens, the ability to deploy expert skills flexibly seems likely to be a key success factor for innovative organisations and advanced economies.

That’s a key reason for the sustained growth in iPros - the responsive, competitive supply of expertise emerging to cater for a constantly shifting demand as organisations seek out new ideas and opportunities. That growth has continued throughout the last decade, and has powered through the tough times of the labour market following the financial crisis. Across the EU27, while employment has contracted by 3% since 2008, the number of iPros has grown by 17%. In some member states, iPro numbers have risen dramatically - by 30% or 40% - during that time.

A changed demand

We’ve long had independent professionals in European economies; independence has typically played a substantial role in the liberal professions in many member states. But in some ways, through the twentieth century, the idea of independence often seemed in decline, especially in an age of mass production.

Growing prosperity and the arrival of the information age have reversed that trend. Innovation and mastering complexity now matter more for business success, and they require an increasing variety of expertise. The liberal professions offer a good example of the change; they often face an increased need to specialise because of the growing depth of expertise necessary in any one field within their profession. Take lawyers - they face new competitors, new ways of delivering legal services, the rise of new areas of law and increased demands from consumers.

At the same time, the growing service sector economy creates new opportunities for professional expertise - in advising people on their plans, in creating content for proliferating media channels, in implementing new technologies. In manufacturing too, the pace of product development demands greater and greater specialism. In all cases, the opportunities for professionals to gain expertise and be in great demand have only grown.

Why be an iPro?

Across Europe, iPros work in different fields in different ways; there’s no hard and fast rule on how they offer their services or organise their business affairs, beyond their independence and professionalism. Professionals become independent for a range of reasons, but perhaps most of all for the freedom it offers, the potential for a

more varied work experience, and in some cases the financial benefits of being able to offer more specialised services to clients who have pressing needs. Whether iPros work in France, Poland, Turkey, Australia, Canada or the USA, research indicates a remarkable consistency of data on why people want to work independently and what they get out of it.4

Where some decades ago working aspirations may have been driven by job security and ‘climbing the corporate ladder’, now well over a third of the European workforce would prefer self employed independence over employment.

There are, of course, wide variations within the iPro population dependent on profession and personal factors, but in general, it seems to represent a big cultural transition from our recent economic past. Where some decades ago working aspirations may have been driven by job security and ‘climbing the corporate ladder’, now well over a third of the European workforce would prefer self-employed independence over employment; and a growing number (around 30%) consider it feasible for them to do so.5

For many, the charm of independence is in self-fulfilment - from being independent but also the opportunity to focus on the ‘interesting’ work.6 Perhaps more practically, the prospect of greater control over the time, place and pace of working is the second factor. While iPros typically work just as many hours as others, being able to more easily balance work with other priorities does seem to be an important element in job quality.7

Context matters

Clearly, the combined role of economic change and culture are both important factors shaping choices over becoming an iPro. The greater the professional sector in the economy, the greater the opportunity to practice independently. The higher the prevalence of self-employment across the board, the more feasible independence will seem to more employees.

The evidence certainly supports that view, with both wider professional employment and self-employment take-up linking positively with iPro take-up. But there are some important variations; for example Italy, which has the highest number of iPros, does not have a particularly large professional workforce. Meanwhile, although Poland has a smaller professional workforce, there is still a relatively large number of self-employed.

There are then signs that additional factors come into play - that although the growth of the iPro workforce is driven by wider economic forces, different national institutions do affect that growth. On the face of it, it seems reasonable to think that the panoply of regulation, tax collection and social security arrangements will all have an impact - but so too will more positive measures such as helping iPros to set up, to

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improve their skills, to access technology. Many of these institutions will be government-driven; but many may also be in the private sector, driven either by collaborative business and professional bodies, or else by service providers engaging with iPros. We sought to explore these factors.

Helping or hindering?

Different institutional environments seem likely to make for a very different experience as an iPro, and so a very different set of incentives and outcomes for those pursuing independence. That's the point of interest for this report, but it also hints at an underlying concern for current and prospective iPros across Europe; that iPros aren't fully understood, and are too easily dismissed. That concern, if true, asserts that weaknesses in the institutional environment may continue far longer than necessary because of a lack of appreciation of iPros' needs, and a lack of recognition of the contribution they make to economic success.

iPros represent neither hidden unemployment nor failed small businesses. iPros are defined by their work in high-value, high-knowledge professional sectors. In either case, iPros, if not totally discounted, are quickly placed in a box marked either ‘labour market policy’ or ‘enterprise policy’ and not taken on their own terms.

For the avoidance of doubt: iPros represent neither hidden unemployment nor failed small businesses. iPros are defined by their work in high-value, high-knowledge professional sectors; in lower value roles, self-employment has often been hit as harshly as the rest of the economy. Those becoming iPros are often in labour markets which have continued to prosper during recession. Most of all, for those becoming iPros, part of the attraction is to be free of wider managerial responsibility to focus on providing expertise, and not to seek to build a larger enterprise.

Not fitting as an employment or enterprise problem, iPros' needs are easily misunderstood or ignored. Regulations are designed with wider workplaces in mind; taxes for organisations with a central payroll; training processes for those with an employer to take the lead for them. Differences in institutions can have a varying impact and our aim is to understand these variations and inform the current debate on how government and other players are helping or hindering iPros from integrating in today's economy.

Some controversies

It's misleading to claim that iPros are seen universally as a ‘good thing’ by governments, fellow professionals and policy-makers. They have generated some major debates and controversies, which are explored in this report. Our interviews with both iPros and non-iPros highlighted these controversies,
most of which stem from the fact that iPros tend to stand outside traditional political, social and professional frameworks.

These controversies include:

• Whether iPros are a specialist aspect of labour markets or whether they are essentially commercially orientated and part of the business community.
• Suspicions in most member states that the iPro status is not ‘genuine’ and is a ‘sham’ designed to minimise fiscal and other liabilities.
• The extent to which competition and freedom of movement is prevented through the rules of regulated professions to which many iPros belong.
• Whether current tax and other legal frameworks, e.g. protective rights, treat iPros fairly.

For too long, iPros have been seen as a category that can look after itself, of secondary importance compared to waged and salaried employment. Such a view misunderstands the nature of the professional labour market in advanced economies subject to rapid technological change and intense global competition. Independent professionals are a critical resource in honing expertise and making it available responsively and competitively. If we’re to achieve lasting prosperity – especially in recovering from the economic downturn of the past few years - a thriving iPro sector seems essential.

Seeking the success factors: this report

We aim to shed light on the work of iPros themselves and those who organise or support them. We want to find their authentic voice: their experiences. However, understanding the link between institutions and iPro performance is a tricky business; there are clearly many variables at work. Every country has its idiosyncrasies, and any robust analysis therefore has to understand and reflect them. For that reason, our approach in this report is to look in depth at the iPro experience in nine selected EU member states, each of which offers a different economic and cultural background: large and small, with differences in productivity and governance. The research team includes national experts from each country, and we have worked together to paint a picture rich with detail on the institutions and working practices which make up iPro performance, while drawing on authoritative data to provide a comparison on perceptions, attitudes and economic outcomes for iPros.

The report begins by exploring the links between institutions and iPro performance, and probing the way that legal and fiscal frameworks shape iPro working. It then explores how iPros’ own institutions and working practices respond, enhance and/or limit the outcomes they can achieve. Next, we compare those institutional frameworks with the available comparative data, to explore contrasts and similarities between iPros experiences in different member states. The day-to-day work experiences of iPros and the issues that are important to them are analysed, followed by a look at the relevance of macro-economic and social policy and the wider environment in which iPros work.
Finally the report sums up the research findings and makes recommendations to advance the iPro agenda across employment and enterprise policy.

**How we did the research**

The research was under the direction of the European Forum for Independent Professionals (EFIP) which contains representatives from various associations and professional bodies across the EU which iPros belong to. The members of EFIP provided a valuable resource for the research. Their regular briefings on the current economic and political climate in their respective member states at EFIP meetings were an important data source. Members commented on drafts and ideas. But, most importantly, they helped to identify people to interview for the fieldwork. Annexe 2 contains information about the research team.

We also built a team of national experts from each of the contributing member states. These were people with in-depth knowledge of iPro working in their own state. They all had a good understanding of research data, contemporary issues and debates, though they had different backgrounds, some being economists or legal academics and others working closely with professional bodies. Their role was to verify and, if necessary amend and expand on data for their own state.

The research began in June 2012 and was carried out in two phases.

**Phase 1**, which consisted of desk-based research, aimed to explore relevant existing data on iPro working from a range of official, private and informal sources. There research focused on nine states: Belgium, Finland, France, Germany, Italy, the Netherlands, Poland, Spain and the UK.

Following this data analysis, a draft report was developed and this was sent to our national experts for comments and additions. This process enabled clarification of the issues to be pursued during Phase 2.

**Phase 2** was the fieldwork which was undertaken between December 2012 and June 2013. This consisted of interviews focusing on understanding the reality of iPros working lives, the regulatory framework they work within, and the wider context of their work.

For each state we interviewed up to 12 people, typically by telephone, although around a third were conducted face-to-face. We interviewed up to five iPros, who were taken from three occupational groups: lawyers; writers and ITC professionals, all of whom completed a pre-interview data sheet (see Annexe 4) containing basic personal and professional information prior to interviews. In total, almost 40 iPros were interviewed.

In each state, up to five other people who were not iPros but were involved in iPro working and so were familiar with issues around working in this way were interviewed. These included public servants, leaders of professional bodies, politicians, policy-makers and trade unionists, many of whom had also worked as iPros themselves. In total, 41 non-iPros were interviewed.

Finally, we interviewed up to two academics from each state and a total of ten leading academics contributed. The interview schedules for all those interviewed can be
found in Annexe 5.

Because the sample is not representative of the wider iPro population, the ability to generalise the findings and conclusions of the research will be limited. The sample does, however, contain a wide range of views of people with knowledge on iPro working.

A full list of the interviewees can be found in Annexe 3. Each interviewee is identifiable in the text by their reference number which combines their state with their interview status. The iPros are numbered 1-5; non-iPros are numbered 6-10 and the academics are numbered 11-12. Hence a reference in the text to FR 3, indicates a French iPro; NL 8 indicates a non-iPro from the Netherlands and ES 12 indicates a Spanish academic.

The fieldwork and main analysis of the interview data was completed in June 2013.

**Summary points**

- There has been significant growth in iPro working, even during the recession
- iPros bring distinctive skills and working methods to client organisations
- iPros are severely under-researched as a group, yet their growth and importance suggests an urgent need for further research
- The research aimed to explore data on iPros, their day-to-day work experiences, the difficulties they face and what might ameliorate them so they can work effectively.
Understanding the iPros: what do we know about them?

Until we can describe Europe’s independent professional workforce, we can’t make a case for what they need. Yet iPros inhabit a bit of a statistical grey area, as they’re neither employees nor entrepreneurs. For that reason, understanding the iPro population requires analysing labour market data, as well as drawing on a range of more specialised research.

What we find is a dynamic labour market for independent professionals, growing quickly up to, and through the recession starting in 2008. The professional workforce as a whole has seen employment fare better than other sectors in the past few years and independent workers have grown to contribute to one third of professional sector jobs created in the EU27 since the start of 2008.

In this chapter we explore:

- Growth: tracking the growth in the iPro workforce
- Sectors: the working pattern of the iPro workforce
- Demographics: understanding the iPro gender and age balance
- Profiles: characterising iPros

Who are the iPros?

Because iPros don’t fit into the framework of employers and employees, they are not a major focus of ongoing statistics or survey research across the EU. Defining the iPro workforce is difficult in itself but this has recently been accomplished by Rapelli. This is a definition we can use against established labour market data which tells us about the shape of the iPro workforce, but much less about its subtleties and experiences. We add here some of the insights we gained from talking to iPros about their background, and why and how they became iPros; how they define themselves; how they work across borders; their use of business structures; qualifications; training and working patterns and what types of work do they do. The simple answer to the latter question is, just about anything. Long-established liberal professions have seen iPro working grow strongly. The media and the arts have long been populated by iPros working as journalists,
technical writers, designers, interpreters and translators. More recently, professions in marketing, business consultancy, public relations and a wide variety of health-care professionals have seen an increase in iPro working.

Because iPros don’t fit into the framework of employers and employees, they are not a major focus of ongoing statistics or survey research across the EU.

Growth

The EU’s iPro workforce has grown consistently for the past decade; across the years and across the different member states. From 2004 to 2013\(^9\), the EU27 iPro population grew from fewer than 6.2 million professionals to nearly 9 million, a 45% increase. In each of the nine countries selected for this study, there has been growth over that period, ranging from 12% in Italy to a near doubling in the Netherlands (93%) and France (85%). In each of the nine countries, the iPro population has expanded as a percentage of the numbers employed (from 3% to 4% across the EU27) and as a percentage of those employed in professional sectors (from 9% to 11% across the EU27). Figure 2.1 provides growth data for our nine states.

Figure 2.1: The percentage growth in iPros in the nine EU states being researched

iPro growth 2004-2013, EU27 vs. selected member states (2004=100%), Eurostat LFS

9. The data is from the Eurostat Labour Force Survey, using the Rapelli definition. The year 2004 is chosen for the reasons explained in Rapelli; there is a suspiciously large increase in iPros between 2003 and 2004. This increase seems to be entirely driven by a doubling (700,700 to 1,499,200) in the estimate for Italy’s iPro population in that year: this appears to be a change in counting of those self-employed without employees (which increases by 1.7 million). Contra Rapelli’s general point about fifth wave enlargement, Poland’s iPro count actually declined between 2003 and 2004. Annual data for the Netherlands is not available for 2012, so 2012 Q3 quarterly data is used as an alternative. 2013 Q1 quarterly data is used as a proxy for the 2013 annual figure; for France and the EU figure, 2012 Q4 is used as the nearest available alternative.
The great variations in each of our nine states in comparison to the EU27 total tells us that national stories matter more than wider European economic trends. Some of those differences may be due to very different economic experiences, but the variations suggest other factors such as changes in businesses and working practices may contribute. For example, while Spain and France both saw a sudden fall in iPros in 2008, the growth in Spain thereafter remained relatively stagnant while in France it grew prodigiously. This suggests that the national environment – whether through public policy or business practice – is a decisive factor in affecting the opportunity for acting as an iPro.

Figure 2.2 shows the variations differently – how a much higher percentage of the workforce became iPros from 2000-2012. The most striking feature is that all member states show a positive figure – even in Italy and Germany, the slowest growing, nearly 1% more of the workforce were iPros at the end of the period than at the beginning. Just as interesting, is that because of their high initial base, the moderate but sustained growth in the Netherlands and UK resulted in substantial increases, accounting for over 2% more of the workforce in each case.

Sectors

Professional sectors have fared well since the recession. Between them, they have added 3.9 million to the total employed within the EU27. Yet even within this growth environment, the iPro model has been expanding fast, contributing 1.2 million towards that, increasing its profile within the professional sector workforce. While professional employment has grown by 5% from 2008 to 2012, iPro working in professional sectors has grown by 16%.
This is also the pattern within each of the major sectors of the professional workforce. In each sector, iPros are an expanding segment, their numbers growing faster than the total number employed. This applies in contracting sectors such as financial services (employment falls by 0.4%, but the number of iPros grows by 12%) just as it does in fast-growing sectors such as health services (employment increases by 9%, iPros grow by 21%). In sectors such as ICT and professional and scientific services, the growth in iPros accounts for more than half of the increase in employment. This is shown in Figures 2.3-2.5.

In each sector, iPros are an expanding segment, their numbers growing faster than the total number employed.

**Figure 2.3:**
Number of iPros as a percentage of sector employed, by defined iPro sector Q1 2013

- Information and communication: 12%
- Financial and insurance activities: 6%
- Real estate activities: 16%
- Professional, scientific and technical activities: 25%
- Administrative and support service activities: 9%
- Education: 4%
- Human health and social work activities: 6%
- Arts, entertainment and recreation: 22%

iPros can make up very different shares of sector workforces; ranging from just 4% of the education workforce to 25% of those engaged in professional and scientific services.
That said, iPros can make up very different shares of sector workforces; ranging from just 4% (707,900) of the education workforce to 25% (2,682,000) of those engaged in professional and scientific services. For that reason, growth rates can actually have very different meanings for sectors’ workforces – professional and scientific services added more than 300,000 new iPros between 2008-2013 (a 14% increase); education meanwhile had by 2013 added more than 150,000 new iPros, an increase of 30% on four years earlier.
In terms of demographics, we have two main measures available by which to compare the make-up of the iPro workforce. The first is gender. In principle, there is no reason why gender should affect the make-up of the iPro population. However, there are factors which may shape independent working: if career progression and reputation were gender-biased that may make iPro status relatively more attractive, or else if domestic obligations motivate independence, that too may have an effect.

Within the iPro population across the EU27, there is a majority of men (54% in 2012). The proportion varies between EU states, with some being greater (60% of Belgium’s iPro population was male in 2012) and in one case, the proportion being reversed (46% of Finland’s iPro population was male in 2012). This pattern has not changed greatly since 2008. The finding for
the UK (53% of iPros were male in 2012) is much more balanced than that found in the Kingston University study\textsuperscript{10}.

\textbf{Figure 2.6: iPros as a percentage of professional workforce, by gender Q4 2012}

This is though far from the whole story. The professional workforce includes some sectors which are female-dominated; particularly in education and health and social care services, there are large numbers of female workers. Comparing male and female iPros to the male and female professional workforces highlights a much sharper difference in iPro participation. Across the EU27, 15% of male professionals work independently, but only 8% of female professionals do. These proportions vary reflecting the male-female split highlighted above, but even in Finland’s case, 6% of female professionals work independently compared with 12% of male professionals. The higher rate of male independent workers has increased in Germany, France, Italy, the Netherlands, Poland and Finland since 2008. The disparity in male and female independent workers seems likely to be primarily driven by the very different levels of iPro status in different sectors; female workers are represented in great numbers in sectors with comparatively few iPros.

\begin{quote}
The professional workforce includes some sectors which are female-dominated; particularly in education and health and social care services, there are large numbers of female workers.
\end{quote}

With age, we would expect a very different balance (see Figure 2.7). Becoming an iPro is an option likely to be most open to those with established skills, networks and reputation, favouring those with some degree of professional experience. In some cases it may also favour those with a greater ability to absorb financial instability, which may discourage those in the middle of the working age range. Across the EU27, we find that nearly two-thirds of iPros are aged between 25 and 49, with most of the remainder aged over 50. Very few iPros are aged below 25; the Netherlands has only 3% and is the highest of those member states included here.

**Figure 2.7: iPros as percentage of professional workforce, by age group Q4 2012**

Looking at iPro numbers in terms of shares of the workforce, we find a much more even split between those below and those above 50 years. Across the EU27, 11% of 25-49s are iPros, but 13% are over 50; the preponderance of 25-49s is a reflection of their numbers in the professional workforce. This average conceals some significant variations: for example, while Dutch and British iPros are older (12% and 11% respectively in the 25-49 professional workforce, 18% and 17% respectively in the over-50 professional workforce), the age distribution amongst Italian iPros is more evenly split across the age groups.

**Our iPro interviewees - who were they?**

We undertook interviews with 38 iPros, typically lasting an hour, though some were longer. We had good responses from Belgium, Germany, Italy, Netherlands, Spain and the UK, with fewer interviews for Finland, Poland and France.

The sample had the following characteristics:
**Gender:** There were a total of 22 males and 16 females. This is a slight under representation of female iPros – this is because we did not include professions in health care and did include the typically male dominated ICT sector. There were more females than males in the ‘writers’ professions and an even split for lawyers.

**Age:** The youngest iPro was 24 and most were aged between 25 and 60, though we did have several older iPros.

**Experience:** We had a very wide variety here, whereby some had spent most of their adult career as iPros and had been working this way for more than 30 years; but a number were very new to iPro working and had been iPros for less than a year.

**Qualifications:** The iPros were generally well educated. A total of 11 iPros have a graduate qualification or equivalent and 21 held postgraduate qualifications, 4 held PhDs with only 2 having sub-degree qualifications.

**Professions:** A total of 17 iPros were writers, nine practiced Law and 12 worked in IT and related professions.

**Migration and cross border working:** Many iPros were migrants - eight had moved within the EU and one was an immigrant from beyond the EU. A total of five iPros worked across EU state borders.

**Work history:** Virtually all of our iPros (33) had encountered periods without work in the last five years. Virtually all stated they worked full-time as an iPro and worked typically 40-50 hours a week. A few worked very long hours. Most worked from home, with few having office premises separate from their home.

**Motivation and identity**

Moving to the psychological and social realm, from our interviews with iPros we can shed some light on what has led iPros to work in this way. The research literature typically emphasises the importance of autonomy, choice, personal flexibility and wider issues of lifestyle and wellbeing which correlate with high reported levels of satisfaction with working in this way.

For example, the Australian Index of iPro Working\(^\text{11}\) shows high levels of agreement with statements such as ‘I look forward to Mondays’ or ‘At work I feel bursting with energy’. This contrasts with findings from research on workplace engagement such as the Utrecht Work Engagement Scale (UWES) which surveys employees. It shows that poor work relationships can lead to major health and well-being issues\(^\text{12}\). This helps to explain why so many of our iPros rejected standard employment. McKeown’s work explicitly aims to investigate the response of

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11. McKeown, T (2008) The iPro Index, Entity Solutions/Monash University. This is now being replicated in the Netherlands, for 2013 onwards.
the skilled self-employed, as opposed to employees, to their work. Her findings are stark and highlight the substantial rewards from iPro working, rewards which seem to be sustained or perhaps even intensified amidst wider economic and business uncertainty.

“Our feedback from iPros strongly supported this general view; there was much greater variety in discussion of their reasons for becoming independent. None reported any sense of having been compelled to become independent and all reported independence as meaningful, rather than being a conventional employment relationship disguised for other conveniences (tax or regulatory, for example). At the same time, none described their move to independence in sentimental terms; they viewed their choice pragmatically across five main explanations:

Rejection of employee status
Many iPros mentioned this and it was salutary to note how a strong sense of alienation emerged in regard to seeing the so-called employee benefits of reward and security as either illusory or bought at far too high a price. One iPro said; “I just got fed up with the burden and monotony” (UK 1); another; “When I worked as an employee I felt like a robot and was undervalued” (DE 7).

Priority of focussing on skills
A typical comment was; “As an employee I had become a manager and ceased to be the specialist medical writer that I am. I wanted to get back to it” (UK 2).

Wanting autonomy
Nearly all interviewees mentioned this. An indicative comment was; “As I lived in rural France the choice was simple - agriculture or freelancing. I wanted to be my own boss, so…….”(FR 2).

It was the natural thing to do
Sometimes this was because independent working was the required way to work - for example, for lawyers in many states - or was in the family - “I just followed in my father's footsteps” (IT 4).

Financial incentives
For a few, financial incentives in their particular field encouraged the initial choice, although they grew to then prefer working independently:

“I really wanted to be a teacher. But we were offered so much more money to become specialist translators and interpreters that we left” (NL 2).

Although all of the iPros we spoke to expressed different reasons and different levels of enthusiasm for iPro working when they set out, none had gone back to employee work or
otherwise given up. All but five had experienced periods without income along the way, but considered the benefits of remaining independent sufficient to persist.

How do iProns self-identify?

Just as diverse, but much more contentious, is the question of identity. Clearly this is a problem for researchers; iProns are not employees but are not entrepreneurs, and even within the group of ‘self-employed without employees’, they must be distinguished as professionals from those working in less skilled occupations. But it isn’t just a research problem: identification and self-definition creates the basis for associating with one another and also projecting a voice to the wider commercial or public world.

Are independent professionals self-defining as freelancers, nano-businesses, iProns, contractors, entrepreneurs, or something else? Do they see themselves as business people or as operating within the labour market? For those in liberal professions, how important is independence as part of that identity?

To explore this point, we asked iProns how they responded in a social setting when asked about the way they worked. Most interviewees found this a difficult question – when prompted, by far the largest group, said they would describe themselves as ‘freelancers’; this group was made up primarily of writers of varying sorts, as well as a lawyer and several IT specialists. The second largest group defined themselves as iProns – this group included writers, lawyers, but strangely no IT specialists; which is odd because the label is commonly associated with the IT profession outside the EU.

“You know I have to be entrepreneurial to do my work, but I am not an entrepreneur.”

The third most common identification was as a ‘small business’, with all but one from the IT sector; two more IT specialists defined themselves as ‘entrepreneurs’. More generally, ‘entrepreneur’ was taken to have negative, big business connotations, potentially with a tie to being exploitative. Others simply said they didn’t know what was meant by ‘entrepreneur’. One interviewee said; “well – you know I have to be entrepreneurial to do my work, but I am not an entrepreneur”. That was a sentiment shared by many, who emphasised the need to regularly market themselves, negotiate contracts, solve and adapt to problems and work hard to sustain their career as an iPro. For most though, such entrepreneurialism was less important to the meaning of entrepreneur – which they associated more with creating a business and employing people. There was general agreement on the need to communicate this distinction to policy makers and legislators.
Clearly, defining who iPros are is hugely complex. They see themselves as a distinct group—not like employees but not small businesses either. We shall see this question of who precisely the iPros are is a running theme in this report.

**Summary points**

- iPro growth has been substantial and sustained; 45% across the EU27 since 2004, with all nine member states under study growing.
- There is a growth amongst all professional sectors, with iPros growing faster than total employment.
- iPros are more likely to be men, and are less common in female-intensive professions.
- iPros are typically over 25, with some countries showing a bias to those aged over 50.
- iPros report choosing working in this way consciously, owing to a sense of natural aptitude, emphasis on certain lifestyle values, and the preference for not being an employee.
- iPros prefer to define themselves as ‘freelancers’ or ‘independent’ and not as entrepreneurs – even though they all consider entrepreneurship essential to their success.
The iPro environment: regulation and support

iPros are highly skilled workers. Most are graduates (or equivalent) and consider themselves as professionals with skills to offer. Across our selected member states, many are members of professional bodies, some of which are subject to statutory regulation; these are the ‘liberal’ or regulated professions. Other iPros in the newer professions may be members of a body, but are not required to be so and in these ‘new’ professions there is little or no regulation specific to their work.¹³

iPros also operate within fiscal frameworks. They pay taxes and make social contributions - but which ones? In EU states, social benefits are available - but can iPros access them? What other laws apply to them and do these restrict their way of working?

The picture is a highly complex one but the regulatory framework applying to iPros clearly impacts on their ability to access work; the terms on which they can undertake it; the administrative burden on operating independently; the risks they have to plan for – not just in business, but in life; their freedom to work; and their sense of distinctiveness from the employed and salaried workforce.

In this chapter, we look at the very different working arrangements in place in each of our member states, covering the following themes:

- Taxation: including income and profits taxation, and their associated procedures for payment and assessment
- Social security: including eligibility for insurance or benefits for old age, sickness and unemployment
- Legislation: covering health and safety, business and employment
- Professions: regulation of professions and its different forms; professional associations and their role
- Support: the response of iPros and supportive non-government organisations

National reports which compare each of these issues in each member state in detail can be found in Annexe 1.

The different dimensions of the iPro environment

The iPro environment is formed from the interactions between a range of policies, practices and institutions: business, commercial and employment laws, taxes, social security contributions and benefits, professional rules, associations and support bodies. It is their interaction with the professional environment we are most concerned with.

¹³ For a widely accepted classifications of professions in Europe, see, Pedeserini, and Costello (2009) Self-employed Workers, Industrial Relations and Working Conditions, EIRO European Foundation.
It is perhaps inevitable that the relationship between iPros and the state, politicians and state officials is often an uneasy one. iPros have distinctive characteristics and generally don’t want to be ‘moulded’ or pigeonholed and so can be seen as challenging state norms. For their part (and this came out strongly in interviews) iPros were acutely conscious of their lack of recognition, and in some cases sensed wariness or even hostility from policy makers. Here are a few comments;

“The government is suspicious of you and considers you a fair target” (BE 6).

“Politicians give us nothing. The problem is that [they] want it all to be neat and tidy” (FI 3).

Not all of the interviewees were so critical, though all agreed that iPros were neglected or dismissed by most politicians in their country. However, they recognised the importance of politicians;

“It is vital we have a voice with politicians” (IT 1).

Another, drawing on her own experience said;

“We get good support from local as opposed to national or EU politicians. I feel we are respected by them” (FR 1).

**Some tensions**

As a senior member of a leading UK iPro association put it; “Legislation forces them (iPros) to work in a business way when most do not feel they are businesses and yet policy makers do not really see them as businesses” (UK 9). Indeed, efforts to treat independents on their own terms can meet stiff resistance. In some member states, there are suspicions that independence is little more than a means to avoid fulfilling obligations and that in effect, it is a ‘sham’. This is deeply unfair to iPros, and misses the fact that their hybrid status means they often face much greater and more complex obligations than others, especially in comparison to salaried employees.

iPros were acutely conscious of their lack of recognition, and in some cases sensed wariness or even hostility from policy makers.
Why the hostility or neglect?

Why do politicians often react as they do? One academic said; “Well it is obvious. 90% of voters in Germany are employees. Anyway, it is tough for politicians. They are lobbied by employers and then by unions and then this ‘middle group’ pops up” (DE 11). Some sensed less hostility but still felt neglected.

How do governments respond?

iPros fall ‘in the gap’ as they are neither employers or employees and this has substantial cultural and administrative consequences. Traditionally, employment law has been concerned with defining the relationship between employees and their employers, and especially with specifying the employer’s responsibilities. These provisions are irrelevant for iPros, as they are their own employer.

Equally, commercial law accommodates a wide variety of businesses; and in policy terms, business policy is concerned with job creation and technological innovation. In some countries, the best that can be said for the legal status of iPros is that it is a product of benign neglect: policy makers are not opposed to their existence, but are not animated to support them.

The same tendencies can apply even more clearly in tax and social security law. It’s here, with money at stake, that suspicions over iPros’ motivations and conduct become most pronounced. The consequence is that tax laws originally amended to allow for self-employment are often supplemented by a series of changes to ensure that flexibilities are not abused. Not being entrepreneurs or employees, iPros have often ended up with a unique status, but one designed, many think, to limit their activity rather than enable it.

Across member states, the result of this unintended process by which iPros’ status develops, varies greatly. The variation is perhaps greatest when considering social security systems – in some countries, the self-employed are wholly integrated as long as they pay equivalent contributions; in other countries, they have only a subset of benefits, often on the basis that they pay most of the same contributions as employees. In a few countries iPros are excluded from virtually all social rights.

Taxation and social security systems

Tax and social security administration reflects the most regular and significant form of contact between the iPro and the state. It should be noted that the EU has a very limited role in fiscal matters, so for regulation one has to look to state, regional and even local authorities. Few member states have created a specific tax regime for the self-employed, but all have created rules to deal with their specific circumstances. Sometimes these rules may be designed to make the system simpler or more helpful to iPros; sometimes it

Not being entrepreneurs or employees, iPros have often ended up with a unique status, but one designed, many think, to limit their activity rather than enable it.
which have put concessionary schemes in place, is that the compliance cost – while fine for a business – is too large for a single self-employed person, and can deter them.

**Tax status and tax collection**

In all of our selected member states, the tax position of iPros sits somewhere between individual and business taxation; in most cases, their position is decided upon by whether or not they have taken on a formal company structure. If so, then they are treated primarily as a business.

In most cases, reflecting the fact that iPros are rarely treated as a fully distinctive group, their tax treatment relies on existing personal and business taxation systems, adapted to the special case of a self-employed individual. So, for example, normal income and profits taxation rates apply. If anything, rather than iPros being punished there are some concessions in place for lower rates and record-keeping obligations for very small businesses in several member states. Examples of this include the UK’s Flat Rate Scheme for VAT or the micro-enterprise scheme for assessing income as a flat 66% of turnover in France.

Those concessions on record-keeping suggest the key issue in most tax systems -that iPros as self-employed people have to collect and report extensive financial information and make their way through tax codes. In most countries, for individual employees this is a much, much simpler task; for large businesses such complexity reflects the size of their operations and is understood as one of the normal compliance obligations. The danger, recognised in those countries where contributions are payable by the self-employed, they are usually at a higher rate than for other insured persons (for example in

**Social security contributions**

Far more varied and sometimes seemingly onerous are social security contributions. Contributions in most member states again reflect the more general employee/employer system. The difference, with some variations dependent on differences in insurance and benefit eligibility, is that the full contribution is paid by the self-employed person, rather than being split between employee and employer. In some member states, this makes a moderate difference – in Germany and the UK, for example, employer and employee contributions are not vastly different. In other member states such as Spain and France, employer contributions can be several times those for employees.

Such differences can result in misinformed perceptions of the relative incomes earned from being self-employed. For those new to self-employment, the difference can be a shock – what seems large in gross terms can become small in net terms – but on the whole we would expect that the size of the ‘wedge’ (between employers’ labour costs including contributions, and the employee’s final wage) should translate into higher gross income for the self-employed. For this reason, large social security contributions often do not seem to shock iPros in practice as much as it might be expected. Where contributions are payable by the self-employed, they are usually at a higher rate than for other insured persons (for example in
Belgium, the self-employed pay the sum of both the employer and employee contributions for employees. The Netherlands and Poland are exceptions. Thus, there are additional costs in seven out of the nine member states under review for self-employed persons to access the social security benefits system. Overall, the benefits systems in the Netherlands and Finland are relatively generous among the nine states under consideration.

Social security benefits

Far more of an issue are the large differences in some member states in the insurance and benefits eligibility for self-employed professionals compared to their employee counterparts. In some countries there are mechanisms in place to ensure that the self-employed retain most of their entitlements, although through different routes. Some countries, such as Germany, seek to allow the self-employed to remain members of the general system – although with some concessions to allow opting out. Others, such as France, insist on the self-employed contributing to social security cover, but do so through specific arrangements (in terms of family allowances and pensions).

Some areas of benefit eligibility are more contentious than others, for fairly predictable reasons. For example, in many countries there are restrictions on the entitlement of the self-employed for unemployment insurance; in Italy and the Netherlands, for example, the self-employed are excluded. The motivation for this seems to be the problem with monitoring and enforcement: how do you know if a self-employed person has become involuntarily unemployed? Spain represents an interesting case here, as provision for ‘involuntary cessation of activity’ was introduced in the wake of the 2008 recession to allow for the self-employed to gain unemployment support.

The same applies in a number of member states for benefits related to sickness and disability. In terms of sickness, the argument may again relate to the problems of monitoring and enforcement. For disability, which isn't covered for self-employed people through the social security system in a number of member states, the argument seems to be that there is no employer to regulate separately for health and safety issues, and so private insurance may provide a better discipline.

iPro responses

The pattern overall for fiscal matters is very varied, clearly underpinned by national policy differences. It might be noted that during the iPro interviews, the complaints about the system were either that they paid as much as employees but didn’t get access to the same benefits, or that some of the flexibility and incentives offered to new businesses were not available to them. There was no easing into iPro working as there was easing into a business start-up. Of course, those with limited companies and the like could take advantage of some fiscal measures, but in our sample, they were a minority.
Other areas of law: health and safety, business structure and employment

The law creates the general framework for iPros’ practice, but also for their interaction with other employees and employers. As with taxation, in many (although not all) member states, much of the law is more an adaptation of existing provisions designed around the employer/employee model than an explicit design for self-employed workers. Some states have more recently developed laws to specifically provide for the self-employed, such as LETA, Spain’s autonomous workers law and the Social Akkord, 2013 in the Netherlands.

Much of the law is more an adaptation of existing provisions designed around the employer/employee model than an explicit design for self-employed workers.

A contentious issue: the status of the self-employed

In most member states, the distinction between the employed and self-employed has important implications, especially in fiscal law, but also to an extent in health and safety law and for accessing employment protection rights. In most member states, some expectation of responsibility is placed upon the employer for the employee; the self-employed are therefore expected to take those responsibilities on themselves; the law regards the self-employed as capable of protecting themselves against the risks of life and work. This is the trade off many make in becoming self-employed: they are free from the instructions of an employer, to manage their time and work as they please, but they are also responsible for themselves under the law.

How do you differentiate iPros from employees?

This distinction is therefore an important part of the law. Self-employed status gives a sense of lower risk for contracting partners (when compared with taking on an employee), increasing their market value. Self-employed status can also be more attractive for those looking for additional flexibility in other areas of their life; indeed, the self-provision of social security expected in some member states may seem attractive to some. For that reason, the distinction is carefully evaluated; in most member states, it depends upon some form of ‘subordination’ test – the extent of a contracting partner’s authority over the self-employed person.

However as with most things legal, the situation is far more complex than simply asking the question is an individual ‘subordinate’ to an employing organisation. All states have legal tests to differentiate the employee from the self-employed. And, as stated above, most rely on notions of subordination but pose slightly different questions. Subordination assumes the ability of an employer to ‘control’ an employee. This is a curiously inappropriate approach for highly skilled individuals and seems more resonant of Taylorism and labour commodification than modern EU markets.
There have been calls in most states to develop better tests\textsuperscript{14} and even for the EU to promote an EU-wide definition.

But what should it be based on? One academic interviewee said that iPros are between commerce and the labour market. He thought the key issue was that of risk, and who bears it.

“If risk is with the individual, then the employer should not be able to control them and the individual should be seen as self-employed!” (DE 11).

Another interviewee took a more direct and pragmatic approach saying;

“It’s all about having several clients and not being dependent on one. If you have long contracts with one organisation, then you are at risk of being seen as an employee” (NL 8).

What about ‘workers’?

A complicating factor is that many employment rights derived from EU legislation extend protections to workers. That is a wider category than employees and covers many iPros who work closely with organisations. Member states have implemented these laws differently, so it depends on which state you work in whether, as an iPro you can access rights. The rights are important ones, e.g. under health and safety laws, including working time, equality, maternity protections and freedom of movement. These areas of law go some way to establishing a floor of employment rights. Job security protections are unlikely to be seen as in any way appropriate for iPros, though they will have key rights under contract law in member states.

Health and safety law, though of importance to some iPros did not feature in our fieldwork, however we are aware that issues of stress, well-being etc. are just as important to iPros as employees. Most health and safety law is now EU based, which entails a risk management approach. It is an especially coherent and consistent area of EU law. However, it is complex, though the EU’s agency, the Occupational Safety and Health Agency (OSHA), based in Bilbao, has helpful data and practical advice, including regarding the self-employed.\textsuperscript{15}

Commercial law and business structure

Business structure and registration requirements vary across member states, but with common features. In all cases, iPros are able to trade as sole proprietors (‘private entrepreneurs’), working on their own account with unlimited liability, typically with no capital requirement. Instead, they are able to incorporate in one or more different forms to protect their personal assets from their business affairs. However, our interviews showed this to be a minority response. In some member states, there are several options for incorporation, allowing for different arrangements of capital and liability – France being an obvious case here, with three different structure options for incorporation: EURL, EIRL and SASU.

Many member states require up-front capital contributions from iPros if they are to incorporate, being quite high for some


What does being a professional mean?

How professionalism combines membership with skills independence is a critical factor in shaping the iPro environment, affecting the experience and perception of policymakers, legislators and citizens. For example, in some states such as Poland, membership of a liberal profession is required for practice and carries great benefits as a monopoly status. In Finland, lawyers have no such monopoly. In the UK, there has been a decline in the number of unchallenged professional monopolies. But the system is complex. For example, UK architects are recognised as a profession, with prestigious professional bodies. However, they have to register with a state agency if they describe themselves as an architect, and comply with a set of professional rules, which if broken, can lead to the imposition of large fines. Despite this, building design isn’t reserved for architects; they may have to compete with a number of other professional types.

The treatment of professions within the wider legal framework differs greatly. Some countries such as Belgium have overarching regulatory institutions, while others provide legal support to each profession individually. Inevitably, the greater the privileges reserved for a profession – and to some extent, all member states still do reserve privileges – the closer the scrutiny they fall under. Such scrutiny not only includes enforcement of ethical standards related to professionals’ duties of confidentiality and client care, but can also carry further provisions – for example, the CCBE (Bars and Law Societies of Europe) reminded us (BE 6) that their members have to comply with safeguards on money-laundering, have to meet stiff insurance and

member states (e.g. €25,000 capital deposit in the ‘one-man GmbH’ form in Germany). Registration requirements also vary. In the UK or Germany, a sole proprietor needs only to register with the tax authorities; only incorporated businesses need further paperwork. In Belgium or France, although registration is simplified, more paperwork does seem to be required.

It should be noted that iPros may also be affected by other regulations, such as planning which is especially important in our northern EU states.

Many of these ‘business’ issues were explored during interviews and reported on in Chapter 4, as part of the ‘start-up’ process for iPros.

The role of the profession in the environment

We now turn to the other key framework for many iPros - professional regulation. ‘Professional’ is a hotly debated concept, but with lots of force in discussions of commerce and employment.

How professionalism combines membership with skills independence is a critical factor in shaping the iPro environment, affecting the experience and perception of policymakers, legislators and citizens.
indemnity costs, as well as maintain their professional knowledge, keep full records, and so on.

In keeping with the general pattern of economic reform over the past two decades, in many member states markets for professional services are being liberalised. While some tasks are reserved to specific professions, many member states have sought to allow for a much greater freedom to practice professional services. While professional memberships remain – and in many cases are used as a legally-sanctioned regulatory vehicle – new routes for service provision are being created, and legal barriers removed.

We can ask questions about market access, but the answers are often far from simple. At the start of this year in the UK, for example, a Supreme Court judgement carried great consequences for the relationship between regulated professions and the work of independent professionals. In this case, a large financial firm’s schemes to aid clients to minimise their tax liabilities were questioned by the tax authorities. The schemes were devised by accountants advising the firm, and they sought legal privilege to protect their clients’ confidentiality. The accountants’ and the firm’s position was that, although not lawyers, the accountants were offering advice in a legal services market which has now been substantially deregulated. If, they argued, they were free to enter the legal services market, they must have the privileges previously reserved to legal professionals. Yet the UK Supreme Court held that, without explicit statutory provision, legal privilege continued to be reserved for legal professionals.16

Such an example highlights that when we talk about ‘professional services’ markets, the partitions between markets aren’t always clearly defined. Every state has its regulated professions – Poland has 368, but the EU average is around 140 – but what also matters is the extent to which that regulation comes along with enforcement and also grants privileges in the form of an exclusive franchise over certain transactions.

What is a liberal profession?

There is a long established argument that in many member states self-regulation is a defining feature of a professional; and that in turn, self-regulation means limiting the provision of advice and work to licensed members of the profession, along with the use of specific titles, and the ability to control the number of entrants to a profession. This inhibits both entry itself but also the evolution of more flexible models of professional practice. In the words of one commentator; “The power to control markets for their services is what distinguishes professions from other occupations”17.

The way this is done is by restricting the types of business models that members of liberal professions can use; limiting their links and collaboration with other professions; restricting advertising and generally limiting competition through means such as offering lower fees to clients. Across the EU, there is a long history of liberal professions effectively suppressing innovation in the delivery of services and some forms of competition, such as key tasks being performed by para-professionals working in more open markets.
Are things changing?

A necessary context for the professional environment is the increasingly acute debates and policy developments over professionalism itself. This has moved the focus away from the competitiveness agenda. It has happened because of increasing concerns about professional standards and integrity, fuelled by the notoriety following a series of health, police and financial services scandals. This has led to legislation affecting many so-called para-professionals, often who work on an iPro basis as, say, therapists, social workers, paralegals and consultants. State registration and control are the key elements of state intervention, coupled with supervisory bodies that could be seen to supplant professional bodies. The law intervenes whether or not the professional self-defines as liberal and whether or not it has monopoly powers. In effect, it is arguable that there is a new or re-regulatory framework being developed in some states based on enforcing competence and consumer/client protection, not open markets.

Developments in the professional environments

Liberal professions remain powerful, and are still able to resist change and innovation. Such resistance occurs because the privileges accorded to professions carry with them substantial political and economic power. Many professionals are enthusiastic for change, welcoming increased flexibility on the achievement of professional status and the review of the balance between ‘academic’ studies and practical work. But others remain wary of change, and this can not only be seen as a concern for their privilege; many raise questions over the maintenance of quality, trust and the ethical core of liberal professions.

Within the European Commission in 2012 there were calls to amend Directive 2005/36/EC on the recognition of professional qualifications to increase flexibility and mobility across European professional services markets and to change the way rules are applied. This would include changing the Services Directive (D 2006/123/EC) so that in the future, member states would have to furnish a list of the regulated professions, providing justification for the need for such regulation. If implemented, this change in the presumption in favour of market access would greatly expand the opportunities available to current and prospective iPros, especially those wanting to work outside their home state.

If the EU wants to exploit fully iPros’ potential contribution to growth, then it should bear in mind that recent research indicates that the fastest growth in iPro numbers has been in occupations with minimal regulation.

Beyond such possible changes, the EU is more generally committed to increasing competitiveness and opening up markets for services, and so – regardless of justifications – there are questions over the extent to which professional bodies should be allowed to impede competition. Of course, there’s a balance to be struck: some professions are regulated because of their attendant risks, and there is always a need to ensure any increase in competition
reinforces quality rather than simply minimising cost. But, if the EU wants to exploit fully iPros’ potential contribution to growth, then it should bear in mind that recent research indicates\(^\text{18}\) that the fastest growth in iPro numbers has been in occupations with minimal regulation. And as we shall see, this greater flexibility has enabled interesting and innovative models of ways of working, though innovation in iPro working is not confined to the new professions.

**Practical matters**

The professional environment in which iPros work consists of complex overlapping and interacting institutions and processes. To understand them requires working through a series of key issues:

1. Whether or not the framework not only requires academic and professional standards to be tested and met and practical work to be undertaken, but also whether holding the qualification provides a monopoly for specified areas of work, or at least parts of it
2. Whether or not the regulator/professional body sets the key terms on which professional services are provided
3. Whether or not the regulator/professional body controls professional conduct, including the removal of an individual from professional practice
4. The extent to which the regulatory framework is flexible and responsive to market changes.
5. The nature and extent of support provided for individuals, in particular, continuing professional development and business support
6. Where professional work is not subject to tight formal regulation, whether there are active organisations in the area and the nature and extent of the support and other measures they provide

Figure 3.1 sets this out in visual form. Professional work is defined in terms of services with a high level of individual skill required. The traditional core of professional work is taken up by the liberal professions, with an expanding outer region defined by the ‘new’ professions, ranging from commercial writing through to information systems consultancy. Regulation comprises ‘hard law’, which means capable of formal enforcement and sanctions.

‘Soft law’ builds on the structures created by hard law, and includes a range of less formal sources, including Codes of Conduct, guidance, and other information indicating best practices and often backed by professional institutions. ‘Soft law’ affects both liberal professions and new professions, but with an important difference: liberal professional bodies typically have an enforcement ability, for example, to ‘strike off’ an offender, and other sanctions that can affect the ability to practice; new professional bodies may enforce their ‘soft law’ but their sanctions are always limited by their ability to make membership valuable in a voluntary setting.

Outside of hard and soft law is the rule of market choice – the power of reputation, which varies by sector in its impact on professional practice. Perhaps most interesting, however, is the border...
between liberal and new professions, where soft law becomes of much more limited power. This is the territory into which many liberal professionals will move as their work is liberalised – still bound by the sanction of their professional body, but with an increasing ability to act outside of it if they see fit.

**Fig 3.1 Options for regulation**

<table>
<thead>
<tr>
<th>Regulation</th>
<th>Liberal Profession</th>
<th>New Profession</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hard regulation</td>
<td>Soft regulation</td>
<td>Regulation</td>
</tr>
</tbody>
</table>

The **professional framework**

Here, we look at the regulations at the professional level. It is not always easy or appropriate to differentiate the professions for all regulatory purposes. Some rules are taken from sources that apply to the self-employed and some to all at work. Rules here are taken from EU, national/federal and sub-national/regional sources. For example, the regulation of the legal profession in the UK is different for Scotland and Northern Ireland compared with England and Wales. In some states, professional regulation is regional or based on an individual city.

**Sources of information**

In all nine of our selected member states, liberal and regulated professions are embedded in long-established institutions, applying especially to medical, legal, scientific and engineering professions. While, as we have seen, many of these bodies have faced a reduction in their statutory privileges, some professions are increasingly working together at European level, with powerful bodies such as the CCBE and the influential European Council of Liberal Professions (CEPLIS).
Regulated professions

Even allowing for diversity in population size and education and training traditions, this data on numbers of regulated professions reveals some interesting contrasts. The list for our nine member states is as set out in Figure 3.2, though it must not be assumed that 'regulation' is either all-embracing or long standing. For example, the UK includes members of the Royal Academy of Dancing, and Close Protection Operatives (bodyguards) where, for the latter, the regulation is more in the nature of careful screening rather than on specific qualifications or, say, CPD requirements. There is also no strict correlation between a ‘regulated’ profession and what many would consider a ‘liberal’ profession, as generally instanced by long training periods, strict professional rules and a strong role for professional ethics. So there are many regulated professions that do not have the key defining features of the liberal professions. Regulation may also be limited and cover only one or two areas of a professional's work.

Figure 3.2 Numbers of regulated professions in the selected states

<table>
<thead>
<tr>
<th>Country</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Netherlands</td>
<td>135</td>
</tr>
<tr>
<td>Poland</td>
<td>368</td>
</tr>
<tr>
<td>France</td>
<td>150</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>220</td>
</tr>
<tr>
<td>Finland</td>
<td>69</td>
</tr>
<tr>
<td>Belgium</td>
<td>140</td>
</tr>
<tr>
<td>Spain</td>
<td>174</td>
</tr>
<tr>
<td>Germany</td>
<td>150</td>
</tr>
<tr>
<td>Italy</td>
<td>155</td>
</tr>
</tbody>
</table>

EU regulation of professions

This is an extensive area of law. Relevant EU legislation includes:

- The Treaty of the European Union which provides: free movement for the self employed and their families to another EU state; the freedom to provide services; and the right of establishment – the freedom to set up a business in another EU state
- The ‘professions directives’ aimed to ensure recognition of professional qualifications etc. for named professions
- Provisions that provide for other regulated professions with rules regarding qualifications and training, such as paramedics and social workers requiring an aptitude test or period of adaptation
Competition law focuses on practices as they impede competition, and apply to sole practitioners as well as major firms. On the whole, Court decisions have found practices inhibiting or preventing access to professional work to be unlawful. The Court has emphasised the importance of professional standards and the need to protect client interests, but has insisted on careful scrutiny of all rules to ensure that they aren’t simply protective measures.

The role of the European Court

Just as important in creating the legal basis for professional practice are the decisions of the Court of Justice of the European Communities (CJEC). The Court is the guardian of EU law and considers issues relating to professional practice not only through the application of the professions directives, but also through the Treaty Provisions that deal with freedom of movement and the right of establishment (i.e. to set up a business). These provisions apply to all professionals aiming to practice their skills, especially outside their home state. Over the years, there have been many CJEC decided cases about professionals’ right to practice in another state. They have covered a wide range of regulated and unregulated professions from engineers, through to ski and snowboard instructors, English teachers, estate agents, lawyers and health professionals.

Most relevant to the work of the Court in this arena are the EU competition laws.

The organisation of professions

There are national bodies in our nine states that develop policy and advice for different types of professions, especially the liberal, regulated ones. For example, in France there is the Chambres Nationale des Professions Liberales (CNPL) as well as the Union Nationale des Professions Liberales (UNAPL). By contrast, the UK and Finland appear to have few ‘multi-professional’ bodies, though insofar as UK iPros work through limited companies, they may belong to the Institute of Directors.

The new professions

As we saw in Chapter 2, the major growth in independent professional working has taken place outside the traditional liberal professions. Growth has occurred in two ways. First, in knowledge occupations, especially ICT, the media, design and consultancy and similar service work. The reasons for growth in these areas is well documented, a reflection of wider economic trends already touched on in the introduction to this report. Secondly, in

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19. See for example, OTOC (C-1/12) concerning the Portuguese regulatory body for chartered accountants. The body has the usual professional powers, including promoting its members’ continued training and professional training. 32 hours per year were required of members, 16 of which were provided by OTOC and the rest by approved providers. Two external training organisations complained about delays and being excluded from providing training and relied on Article 101 (competition) rules. OTOC was held to be in breach of the law as what they were doing ‘eliminated competition on a substantial part of a relevant professional activity’.

professionals, for example, in providing insurance protections. Some of the new professions appear better covered by associations than others but it is not possible to determine the extent to which iPros, as opposed to employees, are members.

However, iPros are represented in many other ways as other forms of association have emerged. Specialist pan-European associations bring together national associations, often having as a priority the setting up of international standards of professional practice. One such is the European Network of Safety and Health Professional Organisations (ENSHPRO) with membership from associations in Belgium, Finland, Germany, Italy, Netherlands, Spain and the UK.

A few pan-European associations have been set up to represent iPros across professions, reflecting their working status alongside their occupations, or sometimes without regard to their particular area of work. However, there appear few cross-occupation bodies for new professionals. This is unsurprising; there remain definitional and boundary issues and greater difficulty in establishing common interests across occupations. Many of the associations appearing at first sight as cross-occupational are, on closer inspection, trade, business and marketing organisations.

Do they have professional bodies?

It appears that within the nine states, most of the ‘new’ professions have their own professional or trade associations, and often several of them. Membership between bodies is a matter of professional choice. These bodies’ activities and status vary considerably but often include:

- Providing training, assessment and accreditation - though accreditation mainly provides market advantage rather than an exclusive right to practice
- Research and analysis where the association is more in the nature of a learned society
- Policy development and lobbying
- Providing advice and support, including for obtaining employment but also with regards to setting up a business and dealing with fiscal and other matters
- Networking and enhancing business opportunities; social functions
- Journals, websites and provision of information of interest to members of an occupation
- Bargaining on behalf of members, relating to pay and working conditions for their members

As these associations are not bound by history or tradition, they have been able to develop facilities and processes attractive to new professionals.
networking and participation in professional and other memberships.

“Others belong to specialist organisations relevant for their professional work. There were quite dramatically different views on this on whether and what to join.

Do iPros want these associations to take on a regulatory role?

“I prefer informal regulation and informal associations; membership can give you credibility and can reassure clients” (FR 1).

“It would be nice to have a body/group that really fought for our interests.”

What did they want the associations to do for them? Several interviewees referred to specific goals – e.g. to ensure representation and advocacy;

“It would be nice to have a body/group that really fought for our interests” (BE 2).

There are evident tensions here – forming a collective identity may on the one hand help to impede statutory regulation, but on the other, increase an expectation of ‘soft law’ regulation of the membership. A good example is in the UK, where bodies representing the new professions have sought ‘Chartered’ status, to allow for recognition of professional skills – recent examples include the Chartered Institute of Legal Executives and the Chartered Institute of Personnel and Development. Although aiming to create a bulwark against state regulation, such moves are only possible with the acceptance of a much greater level of professional self-regulation. The moves, again

Their responses suggest a more detached, even utilitarian attitude to professional bodies. Where required to be members of a professional body, they often made limited reference to it. Three iPros belonged to associations that had some form of limited or ‘soft law’ role. Here, (in Poland, France and the Netherlands), translators had to be accredited because they were working for the justice system in their countries or had access to highly confidential material.

Of the 38 iPros interviewed, 11 had never belonged to any sort of professional organisation. Reasons given included;

“I have never found associations of much use...I used to belong…but the freelancer meetings were a complete waste of time” (UK 3) and “they want to become closed shops - all about recognition and control; I want to be free” (IT 1).

Of those who had taken up membership, some belonged to generalist self-employed organisations such as the Young Catalan Entrepreneurs (GE 5), the German Association of Freelancers and Founders, in the Netherlands to PZO, and in the UK to PCG.

“I have never found associations of much use...I used to belong…but the freelancer meetings were a complete waste of time.”
in the UK, to set up state bodies that require registration and set standards would suggest this strategy is not proving effective. It is then the individuals who are affected. For that reason, it’s not surprising some professionals are sceptical of collective identity and are more focused on meeting needs arising from their professional practice;

“I like the small group that I belong to where we rent a space for discussions. I like the informality and building of confidence directly relevant for my work.” (FI 4)

Overall, iPros are as independent in their views as they are in their professional practice. Many value their professional identities, and many also value the potential for networking and service-sharing that professional bodies can offer. For many, there are arguments for identifying as part of a group – not least in advancing common interests – but for others, a wariness of creating the kind of authorities that they want independents to avoid. This question of the emerging role of professional bodies and associations has become an important one. It is likely that the traditional role of many as providing the services and support of a learned society are in serious need of review.

Supporting iPros: other sources and innovation

We’ve already touched upon the role of independent professionals’ associations in the new professions – which take on a supportive and representative function for their members. Here we look at the support that they offer, along with that offered in some member states by trade unions and public bodies.

Agencies and umbrella bodies

For freelance workers, using an agency to obtain contracts is a well-established route, particularly in the new professions. Following liberalisation in many member states, agency working is growing across the EU and there are many specialised agencies for specific professions, such as IT, translating, financial services, HRM, interim management and design work. Although agency use can reduce likely earnings, several interviewees valued them for sure client payment - as will be seen, late payment emerges as a key issue for many iPros if they have to obtain the money themselves. Some agencies provide help with visas, accreditation and provide training, but none of our interviewees saw agencies as their representatives. They were used in a pragmatic way to widen commercial opportunities, but seen valuable only in that role.

Umbrella companies operate in several EU states, especially in France. France has its own national body - the National Union of Companies of Portage (SNEPS). They are widely used in Italy, have some role in Germany and are well-established in the UK. Umbrella companies provide fixed term employee contracts for iPros, deal with administrative matters and fiscal requirements on behalf of the iPro and can provide support for cross border assignments. Many iPros use an umbrella after finding an assignment through an agency. They often have a long-standing relationship with both the agency and the umbrella.

Umbrellas have not developed across the
EU. Only some iPros find an umbrella right for them, and none of those interviewed here used them, so we were unable to gauge whether they see umbrellas performing a representational role. However, they are well resourced and effective in promoting policy issues but it is possible that to date their agendas have been too economic and not social enough for many of the iPros we interviewed.

The role of trade unions

Another dimension of some of the intrinsic definitional tensions of iPro working is the role of trade unions. In some occupations where iPros work in significant numbers, trade unions have played important roles. An obvious example is that of journalism. In the UK the National Union of Journalists continues to act on behalf of iPros and negotiate with employers for them regarding terms and conditions of employment. There is evidence of collective bargaining, especially within the newspaper industry. It is not thought that agreements are strongly adhered to, but they set a benchmark. The main subject of negotiation is royalty payments, an important issue for iPros. In the UK matters of royalty payments are dealt with differently through an independent association (ALCIS) that collects revenues on a commercial basis for iPros that are in its membership. These differences illustrate well how complex and variable the landscape for iPro associations and supporters is.

The role of trade unions and collective bargaining remains contentious. Some iPros reject membership, as they argue they work is an individualistic rather than collectivist way. Others argue that there is nothing to prevent effective social partnership models emerging and promoting and protecting the distinctive needs of iPros. However, we know from other parts of the world, for example, USA and Australia, that attempts are being made to organise iPros into some form of social dialogue and it may well be a growing, albeit controversial, feature of European independent working.

We interviewed a number of people working for trade unions and sought their views on iPros. All were from northern EU states. A senior policy advisor from the TUC in the UK, when asked about the attitude of unions to iPro working said; “so long as self-employment is a genuine choice, trade unions would like them to join. After so much labour market fragmentation, trade unions have changed to provide a voice for all” (UK 7).

Evidence of innovation and cooperative working practices

Many iPros, by definition, are content to work alone, develop their own networks and contacts and obtain employment in an informal way. They reject the idea of needing an ‘association’ or the like to represent them, just as many have previously rejected the idea of working for a large, hierarchical corporation or public body. However, this is not true for all iPros.

There is emerging evidence of new collaborative approaches to working independently, with some enthusiasts claiming that through collaboration iPros can challenge the pre-eminence of multi-nationals in much service provision. Clearly, setting up an informal co-operative, a ‘modern
guild' or some other form of association and by using the most advanced technology, groups of iPros can work together to provide a more comprehensive service, yet retain independence. Across the EU, organisations, generally operating through websites, put clients in touch with iPros. Examples are i-Freelance and the US based website, Elance, which reports that it has 17,000 legal specialists, 148,000 translators and 35,000 finance iPros available. It must be noted, however, that there is no central database for such organisations and no research project data to draw on.

Some examples of innovation

Here we look at three examples of what is happening as a consequence in the rise of iPro working. We have three very different examples. The first deals with major changes in the ways that legal services are being delivered in the UK; the second is about the rise of the co-working movement across the EU and wider, and the third is about local initiative for collaboration with potential SMEs from Italy.

1. The high flying law firm

This concerns the experience of one new radical structure for delivering legal services. This is a firm called Scott-Moncrieff and Associates Ltd (SCOMO), a top 500 listed UK law firm. It specialises in mental health, child protection, prison law, immigration and similar areas of law broadly dealing with vulnerable people. It is a limited company with just two directors, supported by over 50 affiliate (self-employed) lawyers, spread throughout England and Wales. It has recently become an Alternative Business Structure, i.e. can have other non-law professionals as members, and has trebled in size in recent years. The company employs an ICT specialist, compliance and finance personnel. It is clear that the success of this business model has depended greatly on use of appropriate technology to link the affiliates, clients and others. They use K-Cloud powered by 2e2 that supports all their management and complex communications systems, along with a specialist help desk.

What is of particular interest is that SCOMO not only represents a new type of working for legal services provision, but has a clear philosophy that goes well beyond the channelling of work from a hub to independent lawyers. It appeals to lawyers whose “needs are not met in conventional firms”.

These lawyers are free to work as many hours as they wish. They are also free to develop their own client base, not burdened by tightly drafted restraint clauses in their contracts. As a dimension of the distinct philosophy, all affiliates have the same terms and conditions, regardless of, say, age and experience. SCOMO takes a percentage of earnings, regardless of size of income. In terms of career, the opportunities are the same for all.

Although most are qualified lawyers, i.e. members of a liberal profession, not all are. This opens up the possibility of equal treatment for an iPro not legally qualified. The key is skills and the ability to perform the legal services role effectively.

There is no HR or recruitment structure and, importantly, no strict hierarchy that traditional law firms have. Importantly, SCOMO deals with matters of professional compliance, e.g.
The majority of such locations are run as independent businesses, but some are operated as chains or in alliance with other spaces. Most are for-profit businesses, although a small percentage are not-for-profit organisations or operated by a government or public authority.\textsuperscript{25} The average capacity of a co-working space is 40 members, but they vary in size from small to very large, with some hosting hundreds of individual workers.\textsuperscript{26}

Independent workers who are not provided with a working location must find their own place to undertake their contracted tasks. Many initially work from home or within public locations with wireless internet connections, such as coffee shops or libraries. Co-working spaces are an alternative to such public spaces, providing a private and focused working environment comparable to a traditional company office. Users of co-working spaces indicate that they benefit from reduced isolation, improved interaction with other individuals, wider networking opportunities and knowledge sharing.\textsuperscript{27}

In addition to basic work infrastructure, co-working spaces are used as locations for events such as professional development and training courses, as well as networking events.\textsuperscript{28} Apart from networking between members, there are also strong links between co-working spaces both on national and international levels.

Co-working can also be effective in campaigning for iPros. In Germany in 2012, co-working spaces were used to quickly spread information about a government policy to impose a monthly mandatory retirement fee on all self-employed

\begin{itemize}
\item 22. This case study was contributed by Joel Dulroy, a member of EFIP.
\end{itemize}
workers. The opponents of this policy contacted co-working spaces to share the information with their members and sign a petition. This resulted in over 80,000 individuals signing up, creating pressure on the government to reconsider the policy.  

In some ways this programme is similar to co-working spaces. However, the fact that both funding and some direction is brought by the public official in charge of the programme gives it a different focus. There is the matching of iPros with SME potential start-ups, the opportunity to explore ideas and experiment as well as to develop collaborative and professional and business skills.

**Summary points**

- The iPro environment reflects the combination of general law, their place in the tax and social security framework, the regulatory treatment of their profession and the support available
- iPros are often in the ‘gap’ between individuals and businesses for tax treatment; although rates and allowances are typically similar, one key issue is that iPros have to sometimes meet compliance requirements designed with larger businesses in mind
- iPros have very varying relations to the social security system. Contributions vary around those paid by employees and employers. Entitlement and eligibility for benefits varies greatly, especially for unemployment and disability insurance
- iPros’ legal status is a crucial distinction in all member states, primarily relating to their ‘subordination’ to or ‘dependency’ on businesses with whom they contract. iPros in all member states may trade as sole proprietors or may incorporate; the costs and benefits of incorporation vary significantly between member states
- iPros’ professional regulations vary greatly

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30. R wished to remain anonymous. This case study was provided by a local government official, who was interviewed for the research.
according to their status. Established, liberal professions often have more elaborate legal privileges, balanced with more robust professional standards. In many states there have been challenges to their privileged status, though changes have been limited. New professions rely on more general iPro organisations to support them; they vary greatly by member state and also in terms of whether and how iPros need professional representation
• Legal changes within the EU to recognise professional qualifications, ease cross border working and support competition are helpful but need reinforcement
• Within most member states there are support structures, networks etc, provided on both a public and private basis, though public support including from the EU is generally very limited
How iPros work: the individual experience

To understand how we can shape an enabling environment for iPros, we need to understand how they win and deliver work, and the obstacles, problems and supports they encounter along the way. To succeed as an iPro means continually evolving professional and commercial skills, accessing and managing finance, structuring business affairs, developing client relationships, obtaining payment, and finding expert advice and support when necessary. This chapter is about iPro working and reflects on how the supportive framework can be improved.

These micro factors, which make up the everyday experiences of iPros, make a decisive difference to the opportunities available for those considering independent working and understanding them allows us to understand how policy can help as well as hinder iPro development. Where in chapter 3 we looked at the broader shape of the public framework, such as tax or benefit levels and professional regulation, here we look more closely at the day to day working experiences of iPros. Inevitably, this chapter is based very much on their stories and their views.

We explore:

• Starting out as an iPro: the ‘pro’ and ‘anti’ factors
• The ease of doing business: the administrative framework
• Finding your way around: information for iPros
• Getting expert advice: on finance, business structures and taxation
• Accessing work: forging networks, winning business and getting paid
• Developing and maintaining skills: professional and business skills
• Assessing the positives and negatives: what makes a difference?

Where do iPros come from?

Becoming an iPro represents a significant life choice. For that reason, it's worth considering in a little more depth why people choose to become a self-employed or freelance professional in the first place. Chapter 2 noted the reasons given by the iPros we interviewed for becoming independent. Motivations and expectations of independent working are likely to be a reflection of personal appetite, but also the experiences and preconceptions of friends and family.

Making the choice to work independently is a reflection of how those many factors interact, painting a picture of risk, opportunity and experience and making a judgement as to whether it offers something for you. Psychology has a big role to play here, but
so too do many practical considerations. As well as having motivation, becoming an iPro means assessing whether you have the professional talent, the networks and the business skill to manage as an independent.

There are big questions here, but relatively little data with which to try and answer them. The recent EU Eurobarometer studies on attitudes and expectations of self-employment are particularly useful because they do at least explore self-employment as a subset.31

However, it must be borne in mind that the scope of the Eurobarometers was much wider than iPros. The responses to the surveys could apply to contemplating opening a shop or café, becoming a window cleaner or starting a car valeting service through to setting up a children’s nursery, software company or financial consultancy. iPro work is a distinct minority of self-employment and it’s likely that the factors influencing a decision to become self-employed will differ from the generality of those contemplating iron working.

The fieldwork for Eurobarometer 283 took place in 2009 and for Eurobarometer 354 was conducted in 2012. It is clear that there have been major changes in attitudes towards self-employment during this period. The recession has taken hold, with a general move towards preferring the perceived security of employment. Attitudes towards self-employment have become both more cautious and realistic. In the following sections the data is based on the 2012 survey. In order that we can see the changes over the three year period, the data for 2009 will be presented in brackets after that for 2012.

Where the reports deal with different issues, it will be made clear.

What do people want?

Across the EU, 58% (49%) prefer employee status and 37% (45%) prefer self-employment. Attitudes differ markedly by nation: 30% (26%) of Belgians prefer self-employment, compared to 45% (64%) of Cypriots. However, there is a constant decline through the period, no doubt reflecting the effect of prolonged economic uncertainty: in all of our nine EU states, aside from Poland and Belgium, the preference for self-employment fell. In Finland only 24% (34%) preferred self-employment and only 29% (36%) in Germany.

The reasons given for EU citizens’ preferring employment to self-employment emphasises the benefits of a secure income and regular working hours. The perceived insecurity of self-employment deters EU citizens, but so too does the fear of failure, bureaucracy, and especially limited finances or skills to succeed. This fear of failure is most stark in relation to young people (<25), with a paltry 17% wanting to be entrepreneurs, compared with 60% in South Africa and 30% in Middle East states.32 Leaving aside some substantial national differences, within the EU there are clear demographic variables at work in shaping the preference to be employed or self-employed. Men, younger people, the better educated, and those with an entrepreneurial family background are all more likely to prefer self-employment. Even though finance is a key reason for many EU respondents to prefer employed status, it’s interesting that present income doesn’t seem to be a significant factor in deciding for or against self-employment as a preference.
**Why prefer self-employment?**

According to the 2009 data, the reasons for self-employment being a preference are much as we would expect - independence and fulfilment (68%), followed by flexibility over work (35%), with income prospects (20%) and business opportunities (9%) some distance behind. That emphasis on fulfilment and flexibility applies across demographic segments, although it does vary significantly with nationality.

Interestingly, and this chimes with many of our interviewees, a key driver for becoming independent was dissatisfaction with previous work (56%) along with having a business idea (85%). Importantly, becoming self-employed was a positive choice: an opportunity (55%) far more than a necessity (28%).

Regardless of their own preferences, most respondents had a positive view of the value of self-employed/entrepreneurs in general. A total of 53% (49%) view the self-employed favourably, compared with 25% (28%) for top managers and 12% for politicians. Only the liberal professions at 57% (58%) were rated more highly than the self-employed. Again, there are major national differences, with, for example, the self-employed in Poland and Spain greatly increasing their ‘favourability’ rating in contrast to the much lower ratings for Finland and Germany.

**Why are so many attracted to self-employment deterred from working this way?**

For all the preferences expressed for self-employment, reality remains some distance behind aspiration. Despite the recession, 37% of the European workforce wants to be self-employed, but only 15% actually are. So why is there such a gap between aspiration and reality?

Eurobarometers 283 and 354 explore this question in some detail. Looking at those currently not self-employed, 37% (45%) would prefer to strike out on their own but only 30% (28%) thought it was feasible in practice. This ‘deterrence gap’ of 14% in 2009 has grown substantially from 5% since 2007, before the onset of the recession. However, although fewer now prefer self-employment, the deterrence gap has closed in the last three years. Figure 4.1 highlights the different ‘deterrence gaps’ across the nine member states in this study:

For all the preferences expressed for self-employment, reality remains some distance behind aspiration. 37% of the European workforce wants to be self-employed, but only 15% actually are.
This data confirms a decline in the preference for self-employment since 2009, but a significant increase in those considering it feasible. However, in some states such as Finland, there has been a decline in the ‘feasibility’ rate. Why might this have happened? It is, as referred to earlier, unsurprising that fewer people see self-employment as desirable in difficult economic times. As much as it offers a measure of general cultural willingness to work independently, the deterrence gap seems to have little bearing on actual levels of self-employment. If anything, larger gaps seem to correlate with higher rates of self-employment, and there is no obvious relationship to self-employment growth generally either. Some of this may simply be a reflection of subjective differences in perception – the measure picks up the cultural distinction in perception rather than the underlying contrast in experience – and certainly the continuing positive balance of feasibility in Finland (9%), would support such a view.

It is possible that states that have invested in support programmes are reaping the benefit, with Belgium and the Netherlands having policies to support self-employment showing strong interest in self-employment and reduced deterrence. Compare this with Spain, as we shall see in later chapters with few support polices, where the interest has stagnated.

### The impact of demographics and education

Although men are more likely to prefer self-employment, gender makes no difference in deterrence terms. Indeed, men and women reveal quite similar views on whether ‘reconciling family life’ makes self employment feasible. In terms of age, the 2009 data reveals that in later age groups there is a growing deterrence gap – of those 55+ only 13% see it as feasible.
is interesting, not least because the EU and many member states have policies encouraging ‘active ageing’. It may be that there is a bigger deterrence for older people, say, starting a retail business, buying a farm, or doing construction work rather than becoming a consultant, designer or writer. Nonetheless, there seems much work to be done to translate those active policies into practice.

Those that left school at 15 are very unlikely to prefer self-employment or consider it feasible. The picture changes dramatically for those with graduate qualifications. This last group is most likely to consist of budding iPros. Whether through greater savvy, greater skill or improved financial position, the more educated see self-employment as a greatly more viable option; with feasibility nearly tripling. Our interviews confirm this picture, as virtually all had graduate level qualifications at least. Amongst other factors impacting on higher levels of preference for self-employment is location, income and type of work.

What drives feasibility? Although it doesn’t seem to make a difference to the preference for self-employment, personal financial circumstances and the wider economic climate are key concerns; family obligations and lack of ideas and skills also figure highly. There are again differences between member states, but also among demographic segments: those aged over 55 or with advanced education are less concerned by financial constraints and those between 25-39 are most concerned about the wider economic climate.

Preparedness for self-employment

Concerns over feasibility arise from the barriers people perceive over starting up on their own. Eurobarometer 354 found that 79% (81%) of respondents see lack of financial support as a barrier to self-employment; 72% (71%) see complex administrative process and 51% see a lack of information as barriers. Part of the wider question of skills development is whether aspirant iPros and other entrepreneurs have the requisite skills and know-how to make sense of regulations and manage their own business affairs – accounts, credit control, ICT, commercial negotiation. Even where they require expertise (for example an accountant) – do they know what support they are buying and how to obtain it? Do they know how to draw on expertise to advance their own goals? There are a lot of key choices to be made, and a certain level of know how is essential to survive – regardless of how big those barriers may become. These issues were explored in our interviews.

Of those responding to the Eurobarometer 354 survey, 51% (50%) reported that their schooling had helped to foster an entrepreneurial attitude and 25% reported that practical measures had been put in place to help them. There were major differences between member states and a real contrast with USA and China where activity is much greater. Worryingly, there appears to have been a decline in the role of schools within the EU in what might be called entrepreneurship education. In 2012, 23% reported having taken a course on entrepreneurship. Respondents with lower levels of education or
current income were the least likely to report that their schooling had helped prepare them for an entrepreneurial life. There are major differences between states on the question of entrepreneurship education and while there have been some dramatic improvements in some EU states, this has been more moderate or even in decline in some states.

Worryingly, there appears to have been a decline in the role of schools within the EU in what might be called entrepreneurship education.

The survey did not deal with higher education, vocational education or other institutions, but it must be concluded that entrepreneurial education is not a strength for the EU, and if anything, is in decline. Indeed, a recent study of the role of universities concluded that entrepreneurship education was initially of some value, but was not sustained.33

iPros and the independent life

The evidence on self-employment highlights some interesting tensions. Independent working is an attractive, preferred option for around four in ten people in the EU. For nearly three of those four people, working independently isn’t just preferable: it’s feasible, too. And yet, when it comes down to it, only one or two of them are going on to do it.

This tells us that when we talk about barriers, they’re not seen as insurmountable. They inform the choice which determines who does and who doesn’t fall into the gaps between aspiration, feasibility and actually setting up as an independent worker. Some of the barriers are internal – fear of failure, a preference for a secure income or regular working hours – and are the product of long-term psychosocial, cultural and institutional factors.

But other barriers are highly practical: the infrastructure, processes, skills, advice, and something not covered by the Eurobarometer surveys – accessing markets to win work which can provide a self-employed income. Another matter not explored in the Eurobarometers but were covered in our interviews was the impact of what iPros had been doing prior to iPro working. It is plausible that there are major differences between starting as an iPro having been an employee in the profession and having built up confidence, networks and skills, to moving directly to iPro working from education. Our interviews broadly confirmed that these were important factors. All of these factors can together prevent a feasible aspiration translating into successful iPro working. There is a distinction between those deeper personal factors and these more specific, practical barriers but both can impact success or failure.

We look now at those practical barriers in some detail. We can – and should – change structures and support networks to help people to more easily become self-employed. We should find the right type of support and not assume people’s needs, but we should also remember that the driving force for individuals is typically a decision to seek a more fulfilled, independent and flexible life. This decision affects how those who do work independently go about it: how they deal with their business, how they obtain support and from whom, and how they develop

their career. While we focus on the more concrete side of those issues, we shouldn’t forget the role of psychological factors in shaping them. Eurobarometer 354 tells us much, in this context, about how important people consider both role models (62%) and mentors (62%).

The ease of working as an independent professional

Chapter 3 highlighted the wide variety of arrangements, processes and practices involved in engaging with government: for paying taxes, accessing social security payments, structuring business affairs, working across frontiers and keeping to the various rules and regulations. Some iPros have further layers of compliance and contribution – to maintain professional status and ensure that they remain up to date with the evolving state of their profession.

Eurobarometer 354 (2012) asked respondents their view on the statement: “it is difficult to start one’s own business due to the complex administrative procedures”. From the 27 EU member states, some 72% (71%) strongly agreed or agreed with this statement (29% strongly agreed). Less than 4% strongly disagreed, though the responses varied greatly as between our nine states. The response is similar to that from the USA; interestingly, in China and South Korea only 57% strongly agreed or agreed. The data for our nine states shows considerable variations and is shown in Figure 4.2.

**Figure 4.2 Respondents agreeing that starting one’s own business is difficult (%)**

<table>
<thead>
<tr>
<th>Country</th>
<th>2009</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Netherlands</td>
<td>62</td>
<td>62</td>
</tr>
<tr>
<td>Poland</td>
<td>70</td>
<td>71</td>
</tr>
<tr>
<td>France</td>
<td>66</td>
<td>65</td>
</tr>
<tr>
<td>United Kingdom</td>
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<td>Finland</td>
<td>73</td>
<td>72</td>
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<td>Belgium</td>
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<td>67</td>
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<td>Spain</td>
<td>75</td>
<td>75</td>
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<tr>
<td>Germany</td>
<td>65</td>
<td>69</td>
</tr>
<tr>
<td>Italy</td>
<td>85</td>
<td>76</td>
</tr>
</tbody>
</table>

It can be seen that although there have been improvement in some states – for example, Italy and Belgium – red tape, appears to be a major deterrent. The many calls within the EU for reduced burdens on businesses have not resulted in meaningful actions for those becoming self-employed. But is the perception worse than the reality? Are there some processes or rules which are particularly hard to deal with? We offer some of the specifics of administrative processes in the national reports which can be found in Annexe 1. Our interviews revealed a somewhat
different picture than Eurobarometer data might suggest, but that’s not to say that there aren’t some major problems and barriers encountered.

What did we learn from our iPros?

Overall, and despite the data from the Eurobarometers, few of our interviewees complained about the administrative processes themselves. A typical comment was; “It was easy to get going. I am a lawyer and I know what is needed” (PL 1).

Although most iPros coped with the administrative rules both in terms of starting up and then on an ongoing basis, many commented that the system could be better: for example, better use of on-line facilities, more ‘one stop shops’, better training for staff in the particular needs of iPros and the avoidance of delays (for example at tax offices).

Several of our iPros worked across borders. Few reported difficulties and recognised the need to comply with tax requirements although it was clear that some iPros had deliberately chosen to work in states where the regime for iPro working was seen as relatively benign, such as Netherlands, and the UK. A typical comment was; “I choose not to work in some countries where you face lots of problems” (ES 1). It seems important that barriers to cross-border working tend to come from two sources. First, there are problems in accessing regulated professions, despite moves to weaken restrictive practices in many states. Perhaps, understandably, people are reluctant to discuss their problems in this area and so there continues a need for robust data on this topic. Secondly, there is the more subtle yet powerful ‘anti-migration’ culture in some states, intensified by the recession.

Where do iPros get help?

iPros have highly variable financial circumstances and many do not have access to professional expertise, such as accountants. Many struggle with a rather inflexible, rather than complex administrative or fiscal structure.

Those who set up an SME can generally take advantage of tax measures designed to support initial start-up costs and difficulties by offsetting losses for one year against another year. iPros are generally faced with fixed payments for social security and tax. In effect, obligations are often ‘front-loaded’. They have few opportunities for ‘sliding scales’ and although, for example, the auto-entrepreneur in France has had some fiscal advantages in their early iPro phase of working, interviewees reported that many advantages were declining or being phased out. Hence, the question of sheer survival for many, especially young iPros, emerged strongly from our interviews.

What are the options for business structures?

Another important consideration (and one for which professional advice is very often required) when dealing with fiscal and other bodies is selecting the legal form through which business is conducted. In most countries it is possible to be an independent worker. This status is generally closely scrutinised by fiscal and other authorities to assess whether it is genuine or a ‘sham’ employment status set up to avoid social
security obligations. However, once accepted, in most states it was reported to us that it is relatively easy to start working.

There are other options in some states, for example, the Portage Salarial in France and the similar model in the UK, the umbrella company. Both provide structure for iPros and relieve them of many administrative tasks, including fiscal matters, but iPros are treated as employees and national fiscal rules are applied accordingly for the length of the assignment. However, for many iPros it may be more sensible to set up some form of company which creates a separate legal entity with some division of liabilities between the business and the iPro’s domestic affairs.

Most countries provide a wide choice of business models; but the selection can be complex and implementation can sometimes require the completion of significant administrative paperwork. All such transactions are separate from those required in terms of licensing, qualification or other permission to trade as a professional. Most member states regulate the right to work as an iPro through some, typically local, public institution; this may be the local government or the Chamber of Commerce.

This emphasis on local institutions can be helpful in ensuring responsiveness, but there are additional complications when seeking to practice across member state borders. While EU competition law and freedom of movement rules provide formal guarantees, non-nationals can experience significant barriers in being recognised or being permitted to trade without additional burdens being placed upon them. With regulated professions, the problems often lie with heavy training and other demands being placed on a migrant, despite their having much practical experience and comparable qualifications.34

### Business structures: evidence from our interviews

Most of the iPros we interviewed simply worked as sole practitioners, in some cases because their professional body required them to, but sometimes out of choice.

Some set up limited companies due to there being financial advantages of doing so. In other states, people could not use a limited company but had to remain self-employed.

Clearly, for some there were cost implications, both regarding the advice and support required but also the cost of setting up a company. In some states, companies can be set up very easily and there is no requirement for a cash injection or, say, guarantors. In many states, this is not the case, though the cash injection requirements are becoming more flexible in many states.

Some people offered explicitly non-financial reasons for their choices such as separating personal and professional lives. Clearly, there were mixed views on this, with some reacting negatively to using a separate legal entity; “I felt no need for protection of a limited company. Anyway, there is too much red tape” (UK 4).

A number of our interviewees had experience of working through co-operatives. This, of course, is not truly independent working, but those who had experience of it spoke well of the support and direction they had received.

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34. See the European Commission communication ‘Entrepreneurship 2020 Action Plan (2013) COM (2012) final’, whose recommendations are considered more fully in Chapter 5. This deals in some detail with ‘red tape’ and administration.
Getting registered

Figure 4.3 shows the procedures which need to be followed to work as an iPro in Poland.

Figure 4.3 An example of ‘getting started’

Poland

Under the Freedom of Business Activity Act 2004 (as amended), self-employment is defined as a ‘for profit production, construction, commercial and service activity… pursued on an organised and continuous basis.’ Polish law assumes that the self-employed aren’t managed by their clients and that they bear the risk of the economic activity. Polish law appears relatively clear in aiming to differentiate the genuine self-employed from others and it is to be anticipated that iPros would not face major problems as a result of the Labour Code; their activities are clearly covered by the commercial law.

The following are the key stages in getting started:

- Entry onto the Register of Business Activities. This register is held locally and it cost around €25 to register. Key documents have to be provided for authenticity. This process takes around two weeks.
- Obtain a REGON number, filed with the national statistics office; this gets the individual on to a national data base – apparently a relatively quick process.
- Obtain a company seal, which is needed for banking and financial purposes. All previously approved documents have to be provided.
- Set up a bank account.
- Register with the tax office.
- Register with the social security institution.
- Notify the office in the city or commune where your business operates from.

There is a marked hostility to administrative complexity, and a real sense that it inhibits the choice to become self-employed – and discourages iPros from continuing to work in this way.

Across the EU27 there is a marked hostility to administrative complexity, and a real sense that it inhibits the choice to become self-employed – and discourages iPros from continuing to work in this way. Almost three quarters of those thinking about self-employment see administration as a barrier. Very few in any member state feel able to ‘strongly disagree’ with the contention that administrative complexity represents a challenge to self-employment. Within the EU, the Small Business Act 2008 has sought to reduce administrative burden, but it has no explicit plan for the self-employed; they benefit only as they overlap with the micro businesses the Act seeks to help.

from working that way. Support for those moving from education into freelance working or from being an employee could be better managed. A ‘sharing’ structure such as a co-operative is one option, but, of course, there are others such as the new guilds and co-working that are considered elsewhere in this report.
What information is available?

Part of the problem can sometimes be identifying the information that is available; there often is useful information around for those planning on working as iPors or needing to update their knowledge. The EU’s employment agency, EURES, produces factsheets in all the official languages about working in each member state, which does cover working independently. Only offering a basic prospectus, the factsheets do provide information about other useful national sources, both official and wider.

Information about qualifications is clearly an important issue. Beyond the regulated professions, there has been much recent activity to internationalise qualifications in some professions. CEDEFOP has produced a Guide – Use of International Qualifications (2012) - which covers the provision of privately validated as well as official qualifications.

What did the iPors say?

From the interviews, we found some interesting national differences. It was those in states with a strong sense of a social model and where many iPors allied themselves more closely with the labour market than the business market where the iPors felt most frustrated by the lack of official/public information. Interestingly, some of our non-iPro interviewees commented very critically on these attitudes, stating “these people starting up today as freelance want to have the freedom and the ability to work autonomously, but they also want a wrap round security and want to be looked after”

Official information

By nature and profession, most iPors consider themselves able to track down information from a range of sources, and able to contact people via social media. They consider themselves able to assess what information should be available and who should provide it – be it regarding tax and social security, pensions, business structures, liability and insurance issues, or wider regulation. Too often, iPors find their expectations are not met – information is hard to track down, and often simply not provided by those bodies which should provide it, or in a form or language which makes it more difficult than necessary.

Governments often create subsidised information sources for SMEs, and also for employees – but with no sense of whether iPors can draw upon them for advice.

Governments often create subsidised information sources for SMEs, and also for employees – but with no sense of whether iPors can draw upon them for advice. Sometimes, a particular scheme is heralded as being a breakthrough in encouraging entrepreneurs or innovation, but when it is read by iPors, the information talks about small business, or employees and employers and iPors are invisible in the scheme or even deliberately excluded from it.
complying with specific legislation, such as health and safety and various provisions to protect the public. Choices have to be made—whether to set up a company and if so what type? Whether to build a website? Whether to use an agency? Whether to use an umbrella company? Advice is especially required where iPros plan to work outside their home state. If professional advice is needed, from lawyers, accountants or intellectual property specialists, the costs can often be significant. There is limited data on the scale of demand among iPros for professional advice, or their experience of it as consumers.

In some member states, and in certain professions, trade unions have specifically accommodated the needs of iPros. In comments by our interviewees, professional bodies have a much appreciated role of providing professional support to iPros/freelancers. Many iPros have also joined organisations designed specifically to cover a range of professions—such as those referred to above, as well as dedicated professional bodies, especially in the liberal professions. The EFIP membership reflects both types of organisations. We used these networks to explore the experience of supplying advice to iPros in our interviews with both iPros and those working for these organisations.

It has to be noted that these private, as well as public sources of advice are of variable. They are a good starting point but little more. It was necessary to find out from iPros themselves what their experiences have been.

Where do iPros get support and advice?

Most iPros need advice on a range of technical and legal issues in setting up and operating their business. These range from tax and social security issues through to
What did we learn from the interviews on sources of advice and support?

Although iPros supplied much of the information here, we also consider views from state officials, trade unionists, leaders of professional support organisations, policy makers and academic experts. Many of the ‘non-iPros’ were very senior and very experienced. For example, they included Secretary General or President or Policy Director of professional bodies, senior policy advisors of trade unions, an ombudsman of a trade union and some themselves provided support for iPros.

Our sample tended to be well educated, articulate and, one suspects, better able than most to navigate and use possible sources of support. Even then though, many struggled to access good advice for setting up their business. It came across as very ‘hit and miss’ experience, with much time being wasted and basic errors made. There were national differences but also in terms of profession, with the writing professions and those working across marketing, media and counselling work reporting some of the greatest difficulties.

The advice and support most iPros were seeking was about fiscal and regulatory matters, as well as business models and entrepreneurial skills. They also sought advice on work-life balance issues: iPros are as much as employees at risk of stress, of isolation and the risk of overwork. This is a critical area for advice and support. We know from research data that although iPros report themselves to be less prone to stress, illness generally and, say, domestic difficulties, that is not to say the all iPros cope well with working independently.

There are other important areas where advice is generally needed: knowledge of business context, intellectual property and generating sales. There is also the key issue of negotiating and managing contracts for work. The nature of iPro working is that they work for a range of clients in a range of business contexts, all of which they need to understand to work effectively. How and where do they get advice on this?

Although many saw the finance issue as relatively unimportant, some had substantial concerns. One IT professional said; “I am more worried about running costs and not having a pension which has hit me badly.” (BE 2)

This reminds us that iPro working can be very precarious, often with heavy social costs but limited access to support and with periods without work. The question of financing is therefore much wider than getting a bank loan. At the same time, financial advice is necessary and some struggled with gaining this.

By contrast, some in the sample had received government or other financial support in the form of start-up grants. Two iPros receiving this reported that they had benefitted from the financial support, not least because the schemes combined payment with skills development. They did not refer to mentoring or other support structures, but it did build confidence, introduce people to networks and their professional work certainly seemed to be thriving.

Aside from financial matters, interviewees reported poor experiences in seeking support and advice: several reported that had
hospital appointments, holidays and caring responsibilities all have to be covered from the work that is done – creating pressure to succeed and to sustain success. All but five interviewees had suffered periods without work in the last five years.

For some iPros there are major restrictions on how they can obtain work. Most liberal professionals in all states are affected by restrictions. Some cannot advertise, cannot set their own fees or aim to undercut a fellow professional, cannot undertake certain types of work or work with a professional from another discipline. These difficulties are often offset by monopoly or other privileges which increase their earning prospects. Although there have been moves towards de-regulation in many states, some of these rules remain very robust and are typically strictly enforced.

Several of our non-iPro interviewees spoke of the growing opportunities for iPro working through client organisations becoming more flexible, using outsourcing and being willing to experiment. Their arguments were that there is much work available and iPros need to ensure they get it.

Actually obtaining work is a constant priority. Most of those we interviewed were successful and worked full time, but sometimes over 80 hours a week. Unlike the Eurobarometer responses on self-employment, where part-time work is common and hours are in line with employees, our sample told a different story. It was not just the risk of ‘feast or famine’, but the need to complete assignments on time and efficiently and also the risks, even when hard-pressed, of rejecting work. Some of the older and more established iPros that were interviewed were more relaxed and did not work received no advice at all.

**Were the advice sources useful?**

Were any sources of advice helpful or did all the iPros struggle alone? The answer to the first question is yes, but very few mentioned official sources of advice. In many cases some of the potential sources of advice were not thought appropriate for iPros. Some mentioned Chambers of Commerce but then added that the Chambers were for ‘real entrepreneurs’. Others thought there might be publicly available information but did not know where to get it.

Many, especially from the UK, Netherlands, and Italy mentioned the advice and support they had from accountants and many felt that legal advice was important but expensive. Several used their professional bodies and reported that they had found them very useful, but for many it was self-help. There was no bureaucracy, just access to ‘professional know-how’. Trade unions, too, were commented on as sources of advice. There was a strong sense from the interviews of many problems, including poor treatment by officials, delays and some confusion. The application of the rules relating to VAT caused particular anger, but often there was simply a sense of hostility from some officials and an “air of distrust” (UK 3).

**Obtaining and sustaining work**

For an iPro there are no guarantees – earning a living means winning and sustaining work. If there is no work, there is no pay, and illness,
very long hours, but, certainly for most people starting out, it seemed to be required. Several of our younger iPros had more than one iPro job; one had three roles: teaching, importing goods and their work as a translator.

“Finding your first client is the most difficult thing.”

Many reported that ‘getting going’ was hard. As one senior official of an iPro support organisation put it; “Finding your first client is the most difficult thing. I try to help by publishing a book with advice, I hold meetings and the organisation has a set-up portal. One third of those that set out quickly fail. It’s cruel” (FR 2). However, some were unenthusiastic about agencies, “Overall, I have not found them much good for getting work” (UK 4).

A few made comments about the use of online jobs boards. Although a few said they found them useful, others were highly critical. “I use word of mouth. I won’t bid for jobs on job boards - it drives down rates” (DE1). Similar comments were made about tendering and in places where there is a strong sense of a freelance community there is a tension between collaboration and competition.

Relatively few had developed a strategic approach to accessing work.

How did they get work?

Broadly speaking, although the people we interviewed had different professions and skills and different client bases, relatively few had developed a strategic approach to accessing work. That is not to say they had not thought about what worked and what didn’t but rather that the methods seemed more intuitive than strategic. Very few spoke in terms of marketing themselves or having a marketing plan. The preference was clearly much more for informal and personal contacts.

In fact, when seeking work, iPros have a wide range of options, especially in the context of advances made by IT and social media. They can use employment agencies, especially ones that specialise in their area of work, such as for IT, design, writing, interim management. Some also provide some back up support and training.

Some of our interviewees used agencies, not so much because they got more or better assignments but because “they are such much better than me in securing payment quickly and effectively but they also undertake some tasks for me such as proof reading” (FR 2). However, some were unenthusiastic about agencies, “Overall, I have not found them much good for getting work” (UK 4).

A few made comments about the use of online jobs boards. Although a few said they found them useful, others were highly critical. “I use word of mouth. I won’t bid for jobs on job boards - it drives down rates” (DE1).

Similar comments were made about tendering and in places where there is a strong sense of a freelance community there is a tension between collaboration and competition.

Very few used traditional press advertising, although for varying reasons. Sometimes it was simply because it is ineffective. However, one writer said; “Advertising sends out the wrong signals. It is much more important to put yourself about, attend events and generally be visible” (UK 3). Being ‘visible’ was mentioned by several iPros, and some felt that a website was helpful in this regard, though there were generally very mixed views on the value of websites to attract work. Sometimes, radio and TV work was seen as preferable, though much depended on the profession in question.

Although many had their own website, use overall was by a minority. Use was seen as sensible for those whose work was connected
with it, such as website designers, people in marketing and for IT work in general. However, some reported that little work was gained by using a website and that it could be time consuming dealing with enquiries that led to nothing. Those who worked in the media, for example, as TV journalists, tended to have a website so as to maintain visibility but generally the telephone, the business card and using networks seemed far more popular methods of seeking work.

Many simply spoke of ‘word of mouth’ or ‘being well known in their local community’ as their method of getting work. This was often followed by an explanation of the networks they used. Clearly, a number simply waited for work to come to them but some were a bit more systematic about it. For example, one said; “I work from the ground up. I shamelessly use all my contacts, do lots of cold calling and hope that things will snowball” (FN 1).

The question of referrals was interesting. For many it is a passive process, responding to enquiries arriving as a result of reputation and track record, with little direct control. However, the extent to which iPros ask for recommendations or testimonials proved surprisingly controversial. For example, in Spain, it is common practice for testimonials to be provided and asked for, but this was not the norm across all states.

Most of the interviewees were deterred from asking for recommendations in a formal way, feeling it might damage the professional relationship with a client. As the lack of formal recommendations is coupled with the rarity of formal feedback on assignments, iPros have little to rely on as indicating success other than continuing to attract work. This is a bit limiting, as many would likely appreciate constructive criticism.

A few mentioned the benefits of having one or two regular clients who could be relied on to supply a steady stream of work, or enough to pay household or family expenses. Clearly, there are risks here, if having such reliance on one or two clients may be seen as an indication of ‘sham’ employment relationship as considered in Chapters 1 and 3. Where, for example, in IT or a liberal profession, assignments or projects can be lengthy and perhaps repeated, the risks are greater and in the interviews we were told of an increased tendency for fiscal authorities to probe this area.

**Getting paid**

Although we did not probe this area in depth, we are aware that delays in payment are a major problem for iPros. It appears that the smaller the debt, the smaller the creditor, but often the larger the debtor, the more likely that pay will be delayed. For an iPro delays for even a moderate sum can be catastrophic. Across the EU, 96% of bankruptcies and cessations of trading cite late payment as a significant cause. Some of our interviewees were philosophical about the problem, but others had procedures in place to minimise the risk and some professional bodies offer insurance against this. This is an area requiring more research but also the sharing of best practice. Some commented on the fact that although debt enforcement procedures are available, by the time legal and other costs are taken into account it's not worth the effort. They called for a debt enforcement policy that is sensitive to the needs of one-person businesses.
Response to no work

Discussions during the interviews were a forceful reminder of the risks facing iPros. All but five had suffered unplanned periods with no work. Unsurprisingly, the older and more established iPros tended to be more relaxed about such periods. By contrast, younger iPros reported feeling enormous pressure, especially as in many member states the self-employed do not qualify for any state support when unemployed.

A number were philosophical about having no work saying; “It has happened to me a few times. In the end, I have found it to be a welcome break” (IT1).

“I have had two dips in my career, but I learnt to diversify. It was hard but the values and upsides of freelancing far outweigh the problems.”

Interestingly, although a number of iPros from states where it was possible to do so did claim unemployment benefit, none reported that they thought about giving up freelancing or seeking an employee job. As one said; “I have had two dips in my career, but I learnt to diversify. It was hard but the values and upsides of freelancing far outweigh the problems.” However, some felt angry about the situation.

Others who went through periods without work did a range of tasks that they did not normally have time for, such as updating data bases, re-doing their LinkedIn profile, redesigning their website or seeking out new possible client bases. Few reported that they undertook a review of their whole business or way of working or sought advice and/or support. The most general reaction was a passive and philosophical one. This is another issue which requires further analysis and review.

Education and training

This topic emerged as one of the most critical for iPro working; with some interviewees (both iPros and non-iPros) expressing major concerns about how effectiveness and competitiveness can be sustained given current educational arrangements.

The professions we have focussed on are united by the fact that they are generally in fast moving knowledge industries. Most iPros arrive into their new status with their professional skills and know-how in place, ready to offer them to clients. For that reason, while wider education and training policy is often dominated by concerns over the initial skills of young people, the iPro agenda is much more concerned with continuing professional development and lifelong learning.

Eurobarometer 369, Attitudes Towards Vocational Education and Training (2011), concluded that ‘vocational training generally doesn’t stimulate small business or adequately prepare people for independent working’. That report spends little time on lifelong learning and updating skills, which are the more critical issues for iPros. Many regulated professions across the EU operate formal professional development requirements – for example points-based systems whereby training activities from on-line learning, through to lectures and conference attendance attract a number of points. Failure to achieve the required number
Slightly less than two thirds had undertaken no formal professional skills development in the last five years and a higher proportion had no training in business skills. Of those that had done training, most were from professions where it was compulsory. The implication is that where training is not required, iPros are unlikely to voluntarily undertake it. Why is this?

Most who had not trained felt themselves to be confident to continue to work well and took client responses as their key indicator.

There were two basic groups who reported little or no training. First, those who felt no need for training and second those who felt they could access the information they needed themselves; “I am always very curious and there is so much free on-line” (FI 4).

A group of iPros had, in effect, outsourced business training to their accountants and several spoke of the fact that they relied on them to keep them ‘up to speed’.

Those who had not undertaken any or much training identified various problems with the quality and use of training. Sometimes it simply that the facilities were not there; “it’s hard to get really current things” (ES 1).

Others made similar comments. Common problems included: sourcing appropriate, advanced level courses, covering the costs involved, and the normal requirement to attend training on a face-to-face basis, which is difficult to schedule around work commitments. As one said; “What I need are more on-line-distance courses which I can fit around my work” (DE5).

Although for various reasons many of the iPros interviewed undertook little or no training, some points runs the risk of losing your license to practice.

Some professional bodies provide courses at a nominal fee but the evidence from EU research is that most iPros pay for themselves. It is generally tax deductible in part, but it is arguable that such an important issue for those in innovative, creative and fast moving areas of work should not be left simply to individuals. Indeed, it appears that it is in those member states where iPro working is fastest growing and tends to be in highly technical areas, that individuals bear the highest costs.

**Are iPros continuing to train?**

Interviewees were questioned as to whether they had undergone any recent training, and if they had, their experience of it, suggestions for improvement and importantly, whether they had identified skills needs that they found hard to gain support for. Non-iPro interviewees were asked for their views on training - and if their organisation provided it. The skills referred to were both the skills to perform their professional role but also the skills needed to support a small business.
What helps iPros to be successful and what impedes them?

Most of the people we interviewed, though they had a range of concerns, reported that their work went well, they enjoyed it and would not sacrifice the freedom and flexibility or return to or seek employee status. They came across as enthusiastic, ambitious and were deriving considerable self-fulfilment from their work.

To a considerable extent, their success depended on their personalities and the traits typical of both iPros and many entrepreneurs. They had to tolerate risk, especially of not having work or of illness. They did not report that they felt they were treated with suspicion or hostility by colleagues, friends, family, aside from government and other officials.

Many of them were very frustrated by what they thought were surmountable problems that prevented them from maximising their skills. They spent too long seeking out opportunities to develop their skills and, partly as a consequence, found it hard to find time to meet their training needs. They were also working on an ad hoc basis and often in isolation, confronting practical problems that could be dealt with on a far more systematic basis. Why does information about fiscal matters appear to be harder to track down than for employees? Why are the self-employed so often excluded from developmental schemes and from publicly financed training? With justification, iPros point out that they pay taxes and yet do not seem to receive a level of support in any way similar to that of conventional employees.
Perhaps the major issue of concern, aside from the often mentioned late payment by clients, is that of continuing professional development, because so many iPros are in knowledge-based professions. It seems that the gaps are not just in terms of maintaining and enhancing existing professional skills but also business skills. However, success depends on working effectively and this includes keeping up with changes in business contexts, whether it be, say the topics that political journalists write about to the context for other writers, such as specialists in medicine, science, ecology and even law.

Lawyers themselves need to be aware of changes in how their clients are working or developing business and IT specialists need to be up to speed not only in technical areas but organisational and managerial changes. The problem for many iPros is not just isolation but semi-detachment from their client base. We became aware of much good practice, and this needs to be shared. However, our interviews of all sorts revealed very low awareness of government policy development at either EU or member state level, and an abiding sense of being neglected by politicians and policies. It is to these matters that attention will now be turned in Chapter 5.

**Summary points**

- Research indicates that compared to many other developed economies a lower percentage of people in the EU are interested in working as self-employed. Amongst those that are interested, many are deterred by fear of failure, insecurity and red tape. The responses for potential iPros would not necessarily be in line with the generality of the potential self-employed.
- The recession appears to have led to a...
more realistic view of self-employment and its feasibility

• The interest in self-employment varies considerably across our nine states

• There is evidence that some groups are more likely than the norm to be interested in self employment - the young, well educated, men and those brought up in an ‘entrepreneurial’ home environment

• From our interviews, starting out as an iPro appears problematic for many due to lack of relevant information and the expense or unavailability of advice. The sources of advice that were used ranged from friends to accountants and professional bodies but there seem to be few state-funded resources

• Relatively few iPros had a formal strategy for accessing work. The traditional methods of word of mouth, recommendations, now backed up by social networks and other collaborative activities, were mostly relied on

• Nearly all the iPros interviewed had suffered periods without work. None had sought either work as an employee or given up. There were many practical problems identified, such as how to set their fee, how to ensure payment, how to develop business skills

• Few had undertaken recent continuing professional development despite the high skill areas most worked in. Sometimes it was complacency, but sometimes there were practical reasons, many of which could be easily remedied
iPros and their wider context: what are the key political, economic and cultural factors?

Chapter 5 analyses political and cultural issues and looks at how government policies and initiatives from both the EU and its member states impact on iPros. The previous chapters have identified a range of issues, such as the recognition of iPros, access to support and training and development. Is anyone with a decision-making role aware of these issues? Are they listening to proposals for change? Is there much support for iPros at all?

The problems are sometimes compounded by politicians giving out mixed messages by praising the flexibility, self-reliance and innovation that characterises iPro working, but then omitting them from policy agendas or even developing policies directly hostile to iPros. Few politicians and policy makers champion iPros. And yet it is intriguing that iPro working can thrive in a climate that does not overtly support independence and entrepreneurship and/or promotes the social model of secure, employee status employment. Conversely, in some states, despite notionally having a strong pro-entrepreneurism/self-employment policy agenda and open markets, there is limited growth.

This chapter examines the following questions:

- Are iPros on policy agendas at all?
- Are they simply subsumed under the SME label?
- Are iPros recognised positively in the EU and individual member state’s culture?
- Do tax and social security policies disadvantage iPros?
- Where do, if at all, iPros fit in commercial and employment laws?
- Are there policies and practices that do support iPros?

This chapter considers why these questions are important from a macro and even international perspective. There are no organisations that assess iPro working and so, once more, material for this overview is drawn from data focused primarily on entrepreneurship and competitiveness.
Why do politicians neglect iPros?

We noted in the opening section of Chapter 3 that many of the iPros we interviewed were generally highly critical of politicians and many government policies. Most had mused on the question of why they felt neglected or marginalised. We also asked our non-iPro and academic interviewees the same question. Many shared the views of iPros - that such a relatively small group in the labour market was of insufficient importance for politicians.

A broader and more reflective approach was taken by a senior trade union official who said:

“There is great fear of growing casualisation and precarious work across the EU”. However, she recognised the growing attraction of iPro working and felt that “EU policy-making is rather behind the times” (UK 7).

A challenging view came from a senior representative of a professional body who felt that politicians and policy makers could afford to neglect iPros because “they lack a strong collective voice; there is an absence of a clear common background and common problems; iPros are fragmented” (IT 11).

Others saw economic factors as the reason for iPros being neglected by politicians;

“Governments still look to big business and multi-nationals as the most important players and job creators and fail, for example, to open up procurement processes to iPros” (FR 7).

An academic thought the problem might be closer to home, saying; “First of all iPros need recognition in their own eyes and only then can they go to policy makers/political powers. Then they need to go to economic powers” (IT 11).

He argued that this was critical in order to access tenders, outsourcing opportunities etc and doubted whether those in power recognised the contribution of iPros.

Local politicians were viewed more favourably and some of the most interesting initiatives to support iPros are locally based.

Categorising iPros

As has been mentioned, one of the on-going and major issues is the classification of iPros. This makes putting forward a case for their recognition and support difficult. To treat them simply as self-employed or just refer to them as small businesses is not appropriate.

Although we can observe differences between countries in terms of, for example, the sectors iPros work in and the gender balance, the one thing that unites iPros is their psycho-social make-up. Whether in Belgium, Australia, Poland or Canada, iPros are in agreement on why they want to work this way and what is important to them. The consistency of research data here is remarkable but also has important consequences for policy and law makers.

iPros are valuable in labour markets but are difficult to respond to in part because their distinct contribution is not recognised.

Only the Netherlands out of our nine member states has an official definition of an iPro or distinct policies for them. However, others, such as Spain and Italy have moved towards developing policies for iPros but definitional difficulties remain. A comprehensive definition applying to several states seems a long way off. A few states, for example Italy and Spain, have made tentative moves towards encouraging or requiring iPros to set up limited companies. This would presumably more clearly locate them in the business community. None of these policy moves is either comprehensive or in the same direction.

Within EU policy making, the same applies - which Directorate General (DG) has responsibility for iPros - Employment, Enterprise or Single Market? iPros are subsumed under self-employment generally or occasionally incorporated into the entrepreneurism policy area. In some cases, they are sometimes assumed to be vulnerable workers forced into a ‘sham’ employment status by unscrupulous employers and therefore the appropriate policy is to save the iPros from themselves.

What data can we use?

With iPros not consistently defined or measured, identifying those political, economic and cultural factors which affect iPro working is very difficult. Data covering the self-employed as a whole is not appropriate as many of those surveyed will be in manual jobs or in occupations such as retailing and agriculture that fall outside our iPro definition. The SME sector is also not appropriate as SME owners employ or intend to employ others. iPros do not. This is not to say that these surveys are not helpful; rather, caution must be exercised in applying data and findings from them to iPros.

One of the most useful sources is Global Entrepreneurship Monitor (GEM) - an international collaborative consortium that undertakes regular analyses of the state of entrepreneurship. In 2011 GEM conducted its 13th annual survey. GEM’s reports reflect a survey of 40,000 adults in 54 economies; around 40% of these did not employ others and it can be anticipated that some were iPros.

The basic criteria used to measure the state of entrepreneurism in the various states are adopted from the World Economic Forum’s (WEF) Global Competitiveness Report. This identifies the key institutions and policies that impact on entrepreneurism.

GEM divides economies into three groups. These are factor driven, efficiency driven and innovation driven. These broadly correlate with the stage of economic development, with innovation economies being the most advanced. For our research, all of our EU states are categorised as innovation driven economies, aside from Poland, which is classified as efficiency driven. There is no equivalent GEM analysis of EU policies and practices.
Is applying GEM data helpful for iPros?

GEM develops nine key entrepreneurial conditions and identifies indicators against each of them. Some of the factors, such as finance and research and development transfer are not especially important for iPros. Here, we will analyse the five factors which are the most relevant for iPros:

- Government policy with regards to seeing such activity as relevant and important, and the fiscal system
- Government programmes to assist entrepreneurship
- Entrepreneurism education at school and in post-school education
- Openness of markets
- Cultural and social norms

Figure 5.1 shows how our eight states perform on each of these factors which influence entrepreneurialism (Italy is not included as it was not covered in the 2012 report, though is the subject of a separate report in 2013). The further the data point is from the centre of the diagram for the state, the higher the prevalence of the factor in question.

40. GEM ‘Entrepreneurship Report on Italy, 2012’ (2013), Global Entrepreneurship Monitor (only in Italian)
What does the GEM data show?

Figure 5.1: GEM data on different indicators on the state of entrepreneurism

There are significant differences in the GEM ratings for our eight countries. No state scores well across the different indicators on the state of entrepreneurism.

In terms of government policy, Belgium scores the highest, followed by Finland, France, Germany and Poland. Spain emerges the weakest for this factor. Looking at programmes to assist entrepreneurship, Belgium again performs best out of our eight countries, with Germany and France also performing well. The UK does not score well in this area, indicating that there is a real lack in programmes to assist entrepreneurship in this state.
For education, few countries perform well, with Belgium and France scoring the highest. Finland scores well for school education and the Netherlands appears to perform especially well for school education and fairly well for post-school education. Spain performs the weakest out of the states in this area. With regards to market openness, Belgium and the UK perform well, followed by Poland and the Netherlands. France, Germany and Spain have the least open markets out of our states.

Perhaps the most interesting and most relevant data concerns the ratings for cultural and social norms. These norms also create the climate for independent working and many argue this is the critical factor for iPro working. Few states perform strongly in this area, with the Netherlands and the UK scoring the highest. Germany and Spain emerge the weakest in this area, suggesting they are unenthusiastic about entrepreneurship which could impact on iPros as well as entrepreneurs working in these states.

GEM also explores other factors that are applied, revealing major differences between states dependent on the stage of economic development – in innovation driven economies, successful entrepreneurship appears much influenced by the physical infrastructure and R&D transfer possibilities. Market dynamics, i.e. the extent of change, appears less important. Interestingly, cultural and social norms that either encourage or discourage entrepreneurship appear less important than one might have anticipated. This supports our findings in Chapters 2 and 4 that even in states where there is little reported enthusiasm for self-employment there can be a significant growth in iPro working.

By way of summary, GEM suggests that supportive frameworks for entrepreneurs have the following features.

- Government policies and programmes that are supportive
- A strong business infrastructure, which may require government investment
- Good sources of information, advice and finance
- The ability to access R&D facilities (but this may be of less importance to most iPros)
- Strong school entrepreneurship education, but less emphasis on post-school education

Much of this would chime with our iPro interviewees. In Annexe 1 we provide a more detailed review of the GEM data.

**How reliable is this data?**

For reasons already discussed, GEM is measuring entrepreneurship, which carries with it the notion of growth largely through job creation and employing others. Therefore, certain societal factors will be more important than for iPros. Few of our iPros identified with entrepreneurship in any event and therefore we have to be cautious about applying these research findings to iPros.

Another reason to approach the data with caution when comparing it to other research is the different approach used. Respondents to Eurobarometers 283 and 354 were asked about the extent to which their school education had made them aware of the option of self-employment and provided help with the skills to work that way.

Dealing with the same question, GEM research uses expert opinions rather than relying on survey data. This produces some real contrasts in results. For example,

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42. GEM ‘Global Report 2011’ (2012), at p. 49, Global Entrepreneurship Monitor
Although iPros do not directly create jobs, they assist many existing employers to improve efficiency such that they can create jobs.

The iPro evidence gap

Entrepreneurs have a long established place in policy making with a very favourable supportive climate. iPros do not. Politicians and law-makers attach overwhelming importance to job creation. The number of jobs is relatively easily measured and politicians are generally keen to enjoy the rewards of being seen to be a creator of jobs. The current climate is especially demanding, with high and still growing levels of unemployment, and record levels of youth unemployment. There are particular concerns about graduate unemployment. Inevitably, therefore, policies aimed to create jobs and support entrepreneurship will have a priority, especially in a context where there remains a belief that most new jobs are created by small firms.

Although the Eurobarometer survey findings for the Netherlands suggest schooling did not give them the skills to be entrepreneurs, the GEM findings for the Netherlands are that school education is well above the average in terms of supporting entrepreneurism. Even allowing for the fact that the two research projects are very different, in that one deals with self-employment and the other with entrepreneurism, it may be relevant that the perceptions of people who may wish to become independent are often more pessimistic than those of the experts who have explored the reality.

What is the EU doing?

The GEM data, though not all unfavourable, highlights the fact that many EU states have a long way to go to be truly entrepreneurial and competitive. Clearly, improvements would likely benefit iPros as well. The EU can play a major role in establishing supportive institutional and environmental frameworks. At the same time, it might be noted that not one of our iPros referred to EU measures or looked to the EU, as
What changes are required?

The first area for change is the same one that has featured so strongly in this report. This is the improvement of education and training. It sets out a raft of policies to develop relevant education and training in schools and higher education, but also emphasising the need for real hands-on entrepreneurial experience. The recommendations are for governments as well as the EU but there is little mention of the role of professional bodies, unions and others in the professional world.

Much will hinge on the political will of both the EU and member states to embrace the cultural and policy changes that are required.

The Action Plan focusses on fiscal matters, which it recognises presents considerable problems for small businesses, especially start-ups. It calls for simplification, increased use of online services and adjustment of payment schedules for social contributions for a limited time. Many of our interviewees and supporters of iPro working would welcome this, along with greater flexibility and responsiveness on fiscal matters. The Plan also calls for red tape to be eliminated or reduced, particularly for micro-businesses, including the self-employed and the liberal professions. This recommendation is seen as especially relevant for cross border working. There is then a recommendation that the

43. EC ‘Modernising Labour Law in the EU’ (2006), COM 798 final
44. 104/EC (2008)
45. 41/EU (2010)
47. COM(2012) 795 final
48. Ibid p.4
49. Ibid p. 13
Commission sets up a working group to assess the specific needs of liberal profession entrepreneurs. This may well be the first time that iPros have had a direct mention in an EU policy document. As part of the simplification process, the Plan calls for ‘one-stop shops’ for information and advice - something our iPros would welcome.

Overall, this is a useful policy document, if only in terms of recognising the self-employed and independent professionals and their distinctive needs. Much will hinge on the political will of both the EU and member states to embrace the cultural and policy changes that are required.

What else is the EU doing?

We have had measures reforming the EU Qualifications Framework, and an enhancement of the role of EURES (the EU public job centre) aiming to create a truly EU wide labour market, including for iPros. From 2011, we have had the Programme for Social Innovation50 geared to improving employment, productivity and competitiveness. The measures, though aspirational, have generally drawn good responses from national governments.

The Small Business Act, 2008, geared to the needs of SMEs, has been recently updated by an Act of 201251. It establishes ten principles for SMEs, including support for skills upgrading, making public administration more responsive to their needs, measures to ensure more prompt payment and a call for a new Statute of European Private Companies and lowering of VAT. We await responses from EU states, but, in principle, this is a welcome initiative by the EU.

Of direct relevance for iPros is the Services Directive52, aimed to support open competition for service provision ranging from construction project management through to the delivery of liberal professional services such as law, architecture and accountancy. It was especially targeted at removing barriers to cross-border working and a wider range of restrictive practices. Given its relevance for iPros, it is important to consider its impact and the extent to which it has eased problems with accessing work, especially outside their home state.

Several of the people we interviewed worked outside their home state, though none was a member of a regulated or liberal profession. The general response was that they had not experienced major difficulties in accessing work, though there were issues of payment, tax and administration that some found very complex and difficult. Most reported that things had improved in recent years. The problem may be greater than expressed, as it was clear from interviews that where a state had a reputation for negative attitudes to non-nationals, the iPros simply worked elsewhere.

The EU is engaged in much policy development of relevance to iPros. However, a search through preparatory documents for law reveals little on the application of policy development to skilled independent workers. Clearly, the recent Action Plan for Entrepreneurship is a notable exception. EU legislation is geared either to employees or to SMEs. This is not to say that EU law is not of any relevance to iPros, but it is generally a matter of coincidence rather than conscious policy making.
A few substantive topics for policy development

Having explored the, albeit limited, research data on the political, economic and cultural factors that impact on iPros, and noted significant gaps and limitations, we now focus on the areas that do need change for iPro working to successfully move forward. We synthesise the ideas that interviewees put to us and which featured constantly - together, these are the beginning of the iPro policy agenda.

The ideas that interviewees put to us are the beginning of the iPro policy agenda.

1 Recognition
Although the picture differs between states and many interviewees reported improvements in some states, iPros have no formal voice at either EU or state level - aside, possibly, from the Netherlands. This lack of recognition impacts on the ability to influence policy-making, legislation, voicing concerns, available support and results in information sources ignoring iPros or creating doubt as to whether, for example, a particular scheme or initiative can be accessed by them. iPros have to fall back on professional or private bodies or else become isolated. However, many we interviewed did put forward ideas for how recognition could be achieved at different decision-making levels. There was, indeed, no shortage of ideas here.

2 Supportive and effective regulation
Chapter 3 dealt with the key issues of state and professional regulation. There has been considerable debate and policy development in both areas. The ‘lifting the burdens on business’ agenda has had some impact on iPros, but much less than on SMEs. This is especially the case with fiscal matters where many governments have sought to lower business taxes, provide tax breaks and generally support investment. Many have provided tax advantages for those hiring new staff or taking on apprentices. Several governments have also invested in the infrastructure, including IT, and often in the process have shifted money from welfare and social issues to business support. Again, these changes are generally of marginal benefit to iPros and some changes, especially fiscal changes, have had a negative impact on iPros, especially those unable to access social security payments when they are ill for example.

If tackling unemployment and job creation is the driver for many specific business initiatives, including de-regulatory measures, the drivers for change in professional regulation are different. Here, the issues are to challenge perceived protectionist practices, encourage more competition, improve efficiency and encourage more cross-border work. At EU level, progress has been slow, with strong defensive strategies by the liberal professions who cite reasons of ethics and quality to retain their rules. Efforts to change the status quo for the liberal professions have been most marked in Italy and Spain. iPros in the liberal professions remain firmly in the sights of politicians and law-makers. However, as we have seen in Chapter 3, new professional structures are emerging, including within the liberal professions, which may be far more supportive of iPro working than government measures.
Where professions typical of iPro working are less regulated or unregulated, there seems to be little on the policy agenda at either EU or national level. As will be seen, the people we interviewed did have some issues for policy agendas in terms of professional regulation but they were fairly limited and there were no calls for new professional structures, hierarchies or formality. Rather, there was support for new types of collaboration and work practices.

How important is regulation anyway?

Before leaving this important issue of professional regulation, it is relevant to consider briefly the role of regulation/law more generally. There is an assumption that law can achieve change, not least in attitudes, and can impact on national culture as well as practices. But there are many laws that are not enforced, that are confusing, unpopular and many that are evaded. But what is their impact on choice and conduct? One of the interesting things about the iPro topic is that people sometimes appear to be acting in a perverse way. For example, iPro growth appears unaffected by negative policies and laws. Finland is a good example of this. Alternatively, in Spain there is a benign though complex legal regime, yet iPro working has declined. This may be a reflection of the strong psychosocial traits of iPros but it may also illustrate the far more limited abilities of law than is often assumed.

Many reported a sense of being targeted by tax authorities or paying ‘something for nothing’.

The issue that dominated our interviews with both iPros and some non-iPros was that of taxation and benefits and although many were philosophical about it, others expressed anger. Many reported a sense of being targeted by tax authorities or paying ‘something for nothing’. But does it impact on their decision to work as an iPro? Do they move to a lower tax state? Do they change their business structure? We have insufficient evidence on these questions but from our sample, the practical impact seemed less dramatic than many claim.

3 Government support measures

Are there any explicit supportive policies for iPros? At the EU level there appear to be few but at the national level certain EU states have policies that provide some sort of financial support for iPros to start working in this way. However, as we saw in Chapter 4, the suspicion is that policies are often short-lived or otherwise vulnerable to being phased out or withdrawn. Some schemes provide a grant, some pay the equivalent of unemployment benefit, some require training in business skills and others membership of some sort of approved organisation, such as a co-operative.

A very useful source in this area is a recent report from the European Foundation - Public Measures to Support Self-employment and Job Creation in One person and Micro Enterprises (2012). This relies on national experts providing detailed responses to a set of questions. The questions include the availability of financial support, advice, bureaucratic processes, the development of entrepreneurial skills and culture. What is not clear in many national responses is the underlying agenda for supporting micro enterprises such as iPros. Is it to actually support and invest in this way of working; or, is it simply a question of dealing

53. European Foundation for the Improvement in Living and Working Conditions, Dublin.
Training and development is vital for creating a supportive climate for effective iPro working. The major sources for information on policy and practices in the area of education and training are the 2010 European Working Conditions Survey, published by the European Foundation in 2011; the Eurobarometers 283 and 354 (dealing mainly with perceptions of working for yourself and the associated needs), the GEM surveys (particularly the special report in 2008)\textsuperscript{54}, and some material from EURES and CEDEFOP. These surveys approach the topic in different ways. For example, the Working Conditions and Eurobarometer surveys explore the experiences and perceptions of individuals; the GEM surveys rely on national experts to reach judgments and EURES and CEDEFOP use their own networks to obtain and analyse data.

In Chapter 4 we explored the experiences and attitudes of iPros in terms of maintaining their professional skills and acquiring business skills. It appears that as far as liberal professional skills are concerned, the professional bodies continue to have a dominant role. Beyond these professions there are other professions regulated by law such as for para-medical work and some parts of the professional services sectors. Here, individuals are unable to obtain employment without achieving a certain professional standard. Then there are the ‘new’ professions where, although it

The report for Belgium generally shows encouragement of micro enterprises, through a strong professional infrastructure, grants for the unemployed to set out on their own, and possibilities to defer social payments. But this is to an extent undermined by high taxes and complex administration. In the UK, there have been many schemes at various times to help people to work for themselves - again only open to the unemployed. The UK called for entrepreneurial education to be on the curriculum in all schools. However, school inspections revealed that a third of schools were unaware of what this meant and claimed they had no-one to teach it. This reminds us that you can have initiatives, but if they are not delivered on the ground they are useless.

The national reports indicate activity by most of our nine states though in the case of some, such as Germany, it has been limited. Schemes can be ephemeral and there remains pressure to set up as an SME rather than become an iPro.

4 Effective training and development
There are three types of training that we considered;

- Initial academic and vocational education and training
- Continuing professional development
- Training in business skills

with unemployment? It is noteworthy that many of the public schemes only apply to the unemployed. Few iPros fit this bill. Nonetheless, this is a useful report and a few examples shed light on some of the key policy issues.
may be expected by clients that people practising in the area have particular degrees or other qualifications and accreditations/memberships, they are not mandatory.

The iPro interviews, beyond those with lawyers, confirmed that most had undertaken no recent training at all. The interviews also confirmed why they had not and these are the important matters for policy development.

The European Foundation’s 2010 Working Conditions Survey explored this and 34% reported they had received training in the last year. The research did not specify what type of training it had been. However, there were marked differences between EU states and between the employee and the self-employed. Figure 5.2 sets out the findings by state and by employment status.\textsuperscript{55}

**Figure 5.2 Incidence of training for respondents in the past year by state and employment status (%).**

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<thead>
<tr>
<th>Self-employed</th>
<th>State</th>
<th>Employee</th>
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<tbody>
<tr>
<td>41</td>
<td>Netherlands</td>
<td>59</td>
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<td>Poland</td>
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<td>26</td>
<td>Average</td>
<td>41</td>
</tr>
</tbody>
</table>

Figure 5.2 clearly shows some dramatic differences between states, especially for employees. However, when comparing employees and the self-employed, in general the self-employed have a much lower incidence of training. An important issue is that of funding. Figure 5.3 shows the incidence of training that is self-funded in our nine states.

\textsuperscript{55} Although the survey covers all types of self-employed, it is thought that the differences between self-employment generally and iPros would be less marked.
Once again, there is a significant gap in most states between employees and the self-employed. The highest percentage of self-employed who paid for their own training is in Germany (39%) compared with an average of 25%. This begs the questions of who funded the training of the self-employed and what happened with the iPros? It might also be noted that training for women is generally at a slightly lower rate than for men and that older people are less likely to receive training than younger people. Mostly, respondents reported that they benefitted from training. Generally, however, these results are far more positive about training than the iPros we interviewed.

**What about training for business skills?**

GEM created a special report in 2008 which covered 38 countries and was concerned with education and training to do with skills required for setting up a business. The data does not, therefore, refer to continuing professional development. This time, Italy was included, though of our nine selected states, Netherlands and Poland did not participate. Again we have to approach the data with caution as it is likely that iPros were only a small proportion of those interviewed.

It starts with the important fact that of the 21% that received training, over 50% of this training was done on a purely voluntary basis and only 4% was reported as compulsory. This implies that professional bodies, regulatory authorities and others are not making the acquisition of such skills mandatory. Of the respondents reporting such training, 20% reported that they had received formal training (directed by a body) and 60% had informal training (buying books, networking with colleagues). It is reported that, overall, such training in business skills has a good marketplace in Belgium, Netherlands, UK, Germany and France. However, it was again only Finland which stood...
out, where almost 50% had received training. In Italy only 17% had training and in France only 18%.

It is interesting that the contribution of schools to entrepreneurship skills is less developed in countries where iPro working is well developed and growing.

There can be very positive gains from such training but that much depends on broader institutional support.

The report concluded that there can be very positive gains from such training but that much depends on broader institutional support. This suggests that it is up to professional and trade bodies to ensure that training in how to run a business is mandatory or highly recommended. There must also be facilities to provide it. The authors suggest that:

• Experiential learning is best
• Skills need to be developed with a very close affinity with the motivations and propensities of self-employed working
• Business schools are not the best place for training to be given
• Emphasis should be placed on training the trainer

Is there a major problem here?

As considered previously, iPros in liberal professions appear to have their training taken care of. From our interviews we did not get a sense of huge enthusiasm for training or any innovation in its delivery. Rather, it was something that had to be done although most did report that the training was of a good standard.

Those outside the liberal professions held one of two basic attitudes to training. Either a genuine belief that they did not need it - they could access data they needed and use their own networks, or they recognised their needs but found it hard to meet them.

It is concerning that the level of training amongst iPros is much lower than for employees and yet, iPros, by their nature, are often at the leading edge of professional skills. Employers will usually undertake regular training needs analyses. They will fund training which is increasingly done internally. They will monitor training quality and often seek the training to be accredited by a professional body.

But how can this be done for iPros? Do we know enough about their needs and their aspirations? Can professional bodies do more? Of course, this can be a key agenda item for them, but we know not all iPros are members of such bodies.

What of universities and colleges? They have staff with skills that are in demand, but with competing pressures and growing emphasis on income generation by universities across the EU, are they able to provide suitable training for business? What, if any should be the role of government? They provide support very often for post university education and in some states, such as Belgium, there has traditionally been finance for training post-retirement people, so why not for iPros?
How could a voice for iPros be best developed?

Here are a few ideas from the interviews:

- “We need to co-operate across Europe. We need to exchange best practice, influence the European Parliament and get a seat at one of those DGs” (FR 8)
- “We need to be like the Pirates’ Party and really campaign” (DE 7)
- “We need a general freelancer association, lobby like crazy, talk about developing work not jobs. Me, I would prefer a collectivist approach even though I feel very much an individual” (IT 4)

A risk was highlighted by an academic;
“If there is too much regulation and organisation to get a voice, there is a risk of standardisation and Taylorisation. They [iPros] need to organise themselves, while being careful to retain their capacities of initiative, their freedom, their innovation” (FR 11).

Clearly, most of these comments are generalised and if the voice of iPros is to be heard, a great deal of thought and effort will have to be used to build on the progress to date.

Conclusion

This chapter has aimed to explore aspects of the environment within which iPros work and to identify factors which impede or support them. This chapter has again reflected the central difficulties for iPros - those of definition and identification. It has also seen a synergy between the problems as perceived by our interviewees and many
of those pinpointed by external researchers: particularly the difficulties with fiscal policies and practices and the key issue of education and training. We have, though, noted some progress both in terms of the responses of national governments and, more recently, at EU level. But there is clearly a long way to go.

Summary points

• In aiming to create a policy agenda for iPro working, the lack of directly relevant research remains a major barrier
• Research does show that there are a set of factors that can support and enhance independent working, and can form the basis for iPro-specific analysis
• Definitional issues remain a barrier - who are the iPros and where do they fit?
• There is some useful data from research that deals with related issues of self employment and entrepreneurism
• iPros remain very marginal on political and policy agendas
• If iPros are on policy agendas, it is generally through policy development for SMEs or entrepreneurism. Only in a very recent EU policy initiative are they explicitly referred to
• Changes to the regulatory framework have been slow and are often of limited effect
• Education and training emerges as the key area for policy development
• Much is dependent on the successful development of an iPro voice
Conclusions and recommendations

This report presents the results of a project that combines data analysis with qualitative work involving not only iPros themselves, but those who work with or for them and those who, from an academic perspective, analyse the possible implications of this way of working. This has enabled us to achieve, if not a 360 degree overview, certainly a multi-dimensional one.

The growth in iPros in the EU since 2004 has been remarkable and they are now the fastest growing group in the EU labour market.

Analysis of EU data has confirmed that whilst the EU has faced unprecedented levels of unemployment, one part of the labour market bucked this trend: the iPros. The growth in iPros in the EU since 2004 has been remarkable and they are now the fastest growing group in the EU labour market.

The research has allowed us to find out about who is choosing to work as an iPro, why they do so, what sort of work they engage in and what their work experiences are. The energy and enthusiasm of iPros who participated in the research is apparent, along with an unwavering commitment to this way of working. Many emphasised that becoming an iPro has presented new opportunities and challenges, yet many felt marginalised or invisible.

This chapter summarises the main findings of the research and concludes by providing recommendations for policy makers, professional bodies, clients of iPros and iPros themselves. The recommendations, which are based on these findings, will allow iPros to grow at an even faster rate and for their contribution to businesses and economies to be nurtured.

How are iPros defined?

Our interviews found that there is no consistency in the way iPros identify themselves. Different professionals self-define
Government policy favours traditional employment patterns and the iPros we interviewed felt this is because they pose challenges for policy makers.

These variations in self-identification complicate the process of defining iPros as a coherent and recognisable group, reflecting a wider question of whether they are part of the labour market, the business community, or if they are a distinct group.

How does this affect policy?

iPros are virtually invisible in academic literature, and in official statistics they are subsumed in either self-employment or SME data. However, placing iPros in these categories is considered misconceived by those interviewed, and most recognised that the legal definitions for employment status were inappropriate, calling for a better or an EU-wide definition of iPros.

Government policy favours traditional employment patterns and the iPros we interviewed felt this is because they pose challenges for policy makers. Policy makers tend to focus on job creation rather than work creation, an area where iPros actively contribute.

This all results in marginalisation, neglect in policy development, and a fiscal system that disadvantages iPros. In addition, iPros often face accusations of ‘sham’ or disguised employment, where employees are forced or voluntarily become self-employed to minimise tax and other liabilities. iPros argue they are wrongly treated with suspicion by fiscal authorities: none of them were forced into working independently and they feel like they overpay in contributions as they cannot access benefits.

Accessing benefits is another complex issue that arose from the interviews. Many iPros thought their lives were too precarious as they could not access social security support - a matter many considered unjust as they were liable for social security contributions. This emerged as a key concern for many, and iPros argued for a more balanced approach to the risk they undertake, calling on policy makers to find the ‘right’ framework.

In spite of iPro working often being seen as sham employment, generally, hostility or wariness towards iPro working is in decline and it is increasingly being recognised as a legitimate
employment arrangement. The research revealed a growing interest in iPro working and the flexibility and innovation it represents. Policy makers and leaders of the business community are beginning to recognise the importance of iPros’ contribution to economies, and their capacity to enhance this with recognition and support.

**Why do iPros work in this way?**

iPros find this way of working fulfilling. Many choose to work as iPros in rejection of standard employment, which they feel requires conformity and represses creativity. There is a remarkable consensus from our interviews on the motivation for, and work experiences of all iPros regardless of state and profession. This is encapsulated by a commitment to professional skills rather than an organisation, flexibility and choice as opposed to working in a hierarchical structure, informality rather than being controlled, and a commitment to work-life balance.

The rise in iPro working confirmed that there is a major change in the way work is performed - a shift from having a job to working for clients.

The rise in iPro working confirmed that there is a major change in the way work is performed - a shift from having a job to working for clients. It marks a distinctive move to a more collaborative way of working and a new, radical agenda based on cooperation rather than competition, which has emerged as a response to perceived failures in existing business and management strategies. iPros, with their different approach to work, have the ability to be flexible and innovative, and provide value-added both to businesses and economies in general.

**Do iPros receive any support?**

The research revealed that there is a scarcity of support for iPros. The perceived unavailability of relevant and affordable information and professional advice means that iPros are concerned about their lack of business skills.

iPros in regulated professions regard professional bodies highly as a source of support. However, others generally reject the need for similar organisations and look to less formal and contemporary forms of professional support such as social clubs/networks, and interdisciplinary facilities.

iPros value autonomy and freedom, yet to be effective they need the appropriate support. As their specific needs are not recognised, iPros have developed their own supportive environments in the form of co-working spaces and professional hubs. The growth in iPro working demands that policy makers and client organisations devise customised initiatives to support this way of working.

Continuing professional development is critical for iPros, arguably more than for other groups in the economy, as they operate in fast moving knowledge areas.
What about training?

Continuing professional development is critical for iPros, arguably more than for other groups in the economy, as they operate in fast moving knowledge areas. However, surveys from the EU reveal the low level of training for the self-employed compared to employees and this was confirmed in our interviews, with few outside the liberal professions undertaking regular training. We found that cost plays a role, as does having to undertake most training during working hours, leading to a loss of income for iPros. This is a major issue for policy makers and professional bodies as well as for iPros themselves who, if they are to retain their specialist skills, need to give training a higher priority.

Recommendations

The findings of the research has led to a series of recommendations targeted at policy makers, professional bodies, clients of iPros and iPros themselves. Implementation of these recommendations will enable the contribution or iPros to businesses and economies to be nurtured, and for iPro working to grow at an even faster rate.

Implementation of these recommendations will enable the contribution or iPros to businesses and economies to be nurtured, and for iPro working to grow at an even faster rate.

The recommendations relate to:

- Awareness, recognition and the contribution of iPro working.
- Finding a voice for iPros.
- Attitudes towards iPros.
- Training and development.
- Providing support for iPros.

Policy makers and public officials should:

- Ensure that iPros are properly researched and indentified in national and EU data.
- Recognise that iPros are a distinct group: they are neither SMEs or entrepreneurs and are not ‘sham’ self-employed either.
- Recognise the contribution of iPros to economies and ensure that iPros’ characteristics and needs are specifically recognised in policy development.
- Ensure that iPros are expressly considered where policy issues with particular relevance (e.g. late payment, access to public procurement contracts, enhancing employability) are being addressed for SMEs.
- Ensure that policy and legal developments do not negatively impact iPros and that iPros are not disproportionately penalised through fiscal and other regimes.
- Ensure that there is an emphasis on work creation in publicly funded schemes to support the creation of jobs so that iPros are not excluded or disadvantaged.
- Recognise that iPro working is a legitimate and realistic career option, and encourage this way of working by funding those transitioning from traditional forms of employment into iPro working.
- Facilitate iPros in gaining a voice to express views and concerns, and ensure they have adequate representation at EU level.
through committee and consultative body membership, and seats on advisory boards so they can be consulted when change is proposed.

- Develop new models of work support with greater flexibility and creativity in order to explore different ways of responding to iPros’ needs.
- Encourage iPros to engage in continued professional development by considering their specific training needs and providing funding through the form of tax concessions, subsidies or vouchers.

**Professional bodies should:**

- Clearly identify and take into account the distinctive needs of iPros as well as employee members.
- Recognise that the growth in iPro working presents new opportunities and take an innovative approach to recruiting iPros.
- Consider how best to provide iPros with support, particularly in terms of useful training and offering a wider range of relevant services.
- Ensure the delivery of training is practical and attractive to iPros through increased use of online and other flexible forms of training.
- Ensure that iPros are represented on relevant committees so they have a voice.
- Collaborate more effectively with other bodies and associations, and form alliances to strengthen the support for iPros.

**iPros should:**

- Consider the most effective ways of achieving a voice and identify avenues to express unifying views and promote iPro working.
- Identify specific issues and concerns relating to iPro working and develop a policy agenda to highlight these.
- Continue to develop and gain support for innovative support structures.
- Take responsibility for career development in a more active and coherent way.
- Recognise that collaboration does not undermine independence and find the right balance between working in isolation and with others.

**Clients of iPros should:**

- Clearly identify and take into account the distinctive needs of iPros.
- Recognise that the growth in iPro working presents challenges to traditional management practices and develop new models of working in response to this.
- Review existing contractual and other issues that may inhibit the way in which iPros work.
- Recognise the implications of late payment and other practical concerns that iPros often encounter.
Annexe 1
National Reports for Chapter 3: Regulation and Support

These national reports cover:
• The tax system
• The social security system
• The legal framework for business
• State support for start-ups
• The professional framework

The tax system in each of the nine states

Belgium

• Income tax is relatively straightforward in Belgium and allows for the deduction of social security payments as a business expense. As contributions are high in Belgium, this is helpful. Income tax rates vary between 25% and 50%. A Royal Decree fixes the amount of the social security contributions (at 22%, though there is some flexibility), though the rules applying to a new business are complex.

• Complex, too, are the rules for VAT with variable rates. iPros need to be registered and complete quarterly VAT returns. Much depends on the occupation of the iPro as to how much is payable. The local finance offices deal with the matter. Although the rules in Belgium are logical, the requirement for authorisation and for lawyers to deal with some issues can make iPro working costly in Belgium, though iPros do also gain access to many social benefits.

• Taxable profits are calculated in a similar way for companies and for self-employed persons. However, there are different rates of payment which are higher for personal income tax (up to 50%) compared with corporation tax (normally 33.9%). No corporation tax is payable for organisations without corporate status. Accounting obligations depend on the type of organisation, the more onerous requirements being placed on large businesses, so iPros are not subject to such stringent standards.

Finland

• Income tax from a “private entrepreneur's” business depends on business profits, but all income generally is taxable, with permitted taxable deductions.

• All businesses and self-employed professionals are obliged to keep books, for which the management of an enterprise is responsible. The obligation to keep books starts when founding the enterprise.

• iPros appear to be potentially liable for both progressive income tax and proportionate (fixed) capital tax. This is 20% of net income.
• State income tax is progressive for income earned, the rate (30% rising according to the income earned; corporation tax is at 24.5%).

**France**

• iPros have a choice between a company and sole proprietorship. Tax rate and base differ depending on legal form, turnover and activity. The main tax features on legal forms consistent with most iPros are as follows (as of 2013):

  Income tax is payable on sole ownership i.e. the net profits are income, unless not fully accounted, in which case it is 25% of net profit. Rates for a single person start at 5.5% and range up to 45%, starting on incomes above €5,963. In addition, an extraordinary tax of 3% is applied above €250,000 and 4% above €500,000.

• EURL companies are not taxed as a company, but the sole shareholder is taxed on the net profit as income, as a sole proprietorship would be. EURL companies can opt instead to pay corporate tax; at 15% up to €38,120 of profits and 33.33% above (or on all profits if turnover exceeds €7.63m). Dividends rebates of 40% apply to avoid double taxation.

  • SASU companies are subject to corporation tax; newer SASU companies (under 5 years) may, subject to certain conditions, opt for income taxation as an alternative.

  • VAT registration starts at €32,600 turnover; full accounting requirements are in force if turnover exceeds €234,000 (the VAT rate is 19.6%). Below the VAT registration threshold, it is considered a micro-enterprise and is VAT exempt. In a micro-enterprise in the service or non-commercial sectors, income tax is assessed on the basis of 66% of turnover, without consideration of expenses.

  • All companies are subject to territorial economic contributions, including a 1.5% tax on added value if turnover exceeds €152,500, and a contribution on the rental value of any business property, determined by municipality (with some exemptions for micro-enterprises).

**Germany**

• There are three bases for taxes - individual, trade and corporate taxation.

• iPros in Germany can opt for being taxed as an individual or as a business, and there is a choice as to the type of company that can be used. A GmbH is a separate legal entity and an OHG is not, making the individual liable for any debts.

• If corporate status is not used, iPros are taxed simply on income.

• There are special rules for members of liberal professions and other specified groups.

• The basic 2011 corporate federal rate of tax in Germany is 15%.

• A “business tax”, 14%-17% on average, payable to the municipality, is added.

• A company that operates in a number of cities pays business tax according to the location of its employees in the various cities.

• Taxable income for the purposes of “business tax” may be adjusted for purposes of calculating the basis on which “business tax” is payable.

• “Business tax” is an allowable expense for purposes of calculating the income on which corporation tax is payable.

**Italy**

• In Italy, iPros can choose to be a sole professional and pay income tax or use a corporate structure. Direct taxes depend on an organisation’s profitability, and are therefore calculated on the basis of income. The main ones are:

  • personal income tax (IRPEF): applied to revenues of sole proprietorships; It is dependent on income.
• corporate income tax (IRES): applied to revenues of business corporations.

• Italian regional tax on productive activities (IRAP): applied to all sole proprietorships, partnerships and business corporations.

• Indirect taxes include VAT, registration tax and legal transcription fees. There is a “cadastral” tax and municipal tax is payable on property. Other taxes include excise duties, stamp duties, publicity tax, TOSAP and TARSU.

Netherlands

• Taxes in the Netherlands depend on the type of business the iPros have chosen. The choices are a sole proprietorship (eenmanszaak) or a legal personality (limited liability company - BV).

• Income tax is at 52% on incomes over €56,000 in 2013.

• VAT is subject to variable rates up to 21%.

• The limited liability company pays tax at 20% profits up to €200,000; an iPro will get his salary in this case from the company and pay income tax.

Poland

• iPros in Poland have the choice of a corporate structure or not. Corporation tax rate is 19%.

• iPros who are natural persons (not using a company) can pay the tax rate of 18% or 32% for a threshold of PLN 85 528, or pay a rate of 19%. In certain cases, an iPro can decide on one of the forms of lump-sum income tax: lump-sum tax on recorded revenue or flat rate tax.

• All natural persons, including partners in partnerships and private partnerships pay income tax. Natural persons who are not residents in Poland pay tax on income obtained only in Poland (limited tax obligation).

Spain

• The taxation system in Spain operates at three levels, organised by central government (national level), autonomous communities (regions) and local authorities.

• At national level personal income tax (IRPF) is payable by sole traders, while corporation tax is paid on the profits of companies. Likewise, iPros have to pay the Value Added Tax (VAT) nationally, regardless of their business structure (sole traders or companies).

• The regulation of the quoted taxes is dealt with below, along with the regulation of the different business structures.

• The self-employed with a turnover of more than €1 million have to pay the Economic Activities Tax (IAE). Those businesses which have a turnover under the referred limit have to register for IAE and to be assigned a tax category and number. Royal Decree Act 1175/1990, of 28th September determines the rates to be payable.

• Other local taxes also levy the ownership of and sale of properties.

• At regional level, running alongside a general taxation system there is the possibility of imposing taxes for environmental protection or fuel consumption. Some regions also have special tax systems (Navarre and the Basque Country “for historical reasons”, The Canaries, Ceuta and Melilla “due to geographical location”). Local authority taxes include a trading tax and tax on profits from sales or urban property or land.

United Kingdom

• Income tax rates depend on income up to a maximum of 45% for high earners. iPros can offset against income approved expenses which can include premises, secretarial, travel and training costs.
• VAT is variable but the standard rate is 20%.

• Payment of corporation tax is at two rates, depending on the taxable profits, a lower rate of 20%, known as the “small profits” rate (for profits of up to £300,000) and a higher rate, the “full” or “main” rate of 24% (on profits exceeding £1.5 million). There is also a sliding scale between these rates, called the “Marginal Relief”.

The social security system in each of the nine states

Belgium

• The self-employed must make social security contributions; they must also make contributions to cover sickness.

• Contribution to unemployment, family allowances etc. and sickness etc. is “not applicable” for self-employed along with contributions for work injuries. Although the self-employed are not therefore eligible for pension and sickness benefits, there are some means-tested alternatives, for which they do qualify.

• Voluntary contributions can be made for hospital and maternity costs – as there are “special systems for self-employed persons” – there does not appear to be a category of universal benefit here.

• Self-employed persons can expand their social protection and that of their family by, for example, taking out additional insurance or insuring their home against seizure.

• The self-employed have access to a basic pension after 45 years as an iPro. Currently it is at €12,327 per annum.

Finland

• In some ways, social costs for the self-employed are higher in Finland for iPros than for employees; they are roughly equivalent for the combined employer/employee sum.

• iPros setting up in business for the first time pay a lower rate for the first 48 months.

• Entrepreneurs are required to take out special pensions insurance.

• They are advised to take out health insurance through clinics or private companies.

• They ought also to take out accident insurance.

• iPros can claim most benefits, e.g. sick pay and maternity pay, old age pension, though the unemployment benefit requires contribution if it is to be earnings-related. iPros then need to join the Entrepreneurs’ Unemployment Fund.

• Some benefits are means tested, e.g. disability allowance.

• To obtain payment following a work injury, the iPro should have made contributions dependent on the assessed risk of their profession.

• There are a range of other family benefits available.

• Family allowances – available to all, including the self-employed and payable on the same basis as for other workers.

France

• The self-employed are not ‘special’ in the French system; they are dealt with as general employees, with no special dispensation as exists for specified sectoral groups (e.g. miners, seamen, railroad workers, ministers of religion). The self-employed contribute to:

  • RSI for sickness and maternity.
• URSSAF for family allowances.

• National Fund Insurance Pension of Professionals for basic old age cover; in addition there are mandatory supplementary pension funds that are managed by professional groups (10 funds) – e.g. the National Fund for the French Bar. Contribution rates vary from one occupational group to another. Some examples:

• Old age, disability and survivor insurance: contributions are calculated on the basis of income tax professional income calculations. Professionals pay 9.75% of income up to €31,477, then 1.81% up to a maximum contribution of €5,851.

• Sickness and maternity: again, income tax professional income calculations provide the base, and then all professionals pay 6.5%; there is no maximum contribution.

• iPros do not have access to sickness, unemployment or injury benefit and unless they have contributed, family benefits are not available.

Germany

• Although contribution is mandatory for employees, with insurance covering sickness, infirmity, old age, unemployment. Premiums are paid equally by employees and employers; employers also pay for work injury insurance.

• For the self-employed, participation is generally voluntary, with an obligation to look after yourself through private provision:

  • Sickness and maternity insurance can be maintained as a voluntary member, although with different premiums.

  • Infirmity insurance is packaged with sickness insurance, although an exemption can be made for private cover.

  • Old age insurance is generally only for employees; self-employed, voluntary members must pay the whole premium themselves.

  • Unemployment and injury insurance again allows for voluntary membership, although only for those working at least 15 hours and paying the entire premium.

• In some cases there are professionally-based, mandatory systems. For example, the “Künstlersozialversicherungsgesetz” (social security law for artists) provides mandatory old age, sickness and infirmity insurance, where they do not employ people and their arts work is their main source of income. 50% of the premiums are paid by the independent, with the remainder paid by contractual partners or the state.

• Old age insurance is mandatory for certain independent professionals, including teachers, artists and writers. Also, those self-employed working only for one client are mandated to join “Arbeitnehmerähnliche” (meaning solo-self-employed).

Italy

• Italy has a complex system of both contributions and benefits. Employees and the self-employed are generally treated differently, with the self-employed contributing more and some benefits are means tested. There is a category of ‘contract workers’, not referred to in other states that have quasi-employee status for these purposes. Non-contract self-employed workers appear to have a low level of access to benefits:

  • Old age insurance – with three types of coverage, all of which have “special systems for public-sector workers and self-employed persons”. Contributions for self-employed are “not applicable”. A means-tested Social Allowance is payable to those who do not qualify for one of the contributory old-age pensions. There is a means-tested Disability Allowance, but there seems to be a minimum contribution condition attached.

  • Sickness and maternity - sickness benefits are payable to “employed persons and contract workers”. Maternity benefits also extend to self-employed.

  • There is a dedicated Tuberculosis benefit, payable to employed persons and some categories of self-employed. Whereas employed persons do not make any contributions toward the funding of these benefits,
self-employed make “variable contributions”. Each benefit, except for TB, is means-tested for contractors and self-employed – but not for other workers.

- Work injury benefit– self-employed, apart from agricultural workers, are not eligible– but “contract workers” are.
- Unemployment benefit – self-employed are excluded.
- For family allowances – there are “special systems” to cover the self-employed.

**Netherlands**

- All iPros have to make social security contributions on the same basis as employees. Medical insurance is also compulsory.
- They have to make their own arrangements for disability protection.
- iPros do qualify for sick pay and maternity pay and for a low level ‘safety net’ welfare payment.
- Although they qualify for an old age pension, most iPros need to take measures themselves to have enough income for old age. There is a lack of possibilities for the self-employed to be part of a bigger group to save for a pension, so they mostly have to arrange their pension in an expensive individual way or do nothing because of the complexity. They do qualify for family allowances and child benefit.
- Disability benefits have to be organized by the self employed. That means that there are many disability insurance providers, because the high risks and costs the insurances are not all payable to self-employed.
- Work injury – no dedicated benefits exist. Coverage is included in the other provisions such as disability and medical benefits.
- For unemployment – contributions are “not applicable”, nor are benefits.

**Poland**

- Self-employment is a flexible and fiscally attractive alternative to standard employment in Poland. The self-employed can choose their level of protection in Poland but do have access to benefits. The social costs are high for employees, especially high earning ones. This is an incentive for professionals to change their status to iPro.
- iPros effectively pay lower contributions than employees. In return for lack of stability, lack of employees’ group lay-off protection, lack of administrative burden and lack of paid holidays, they can chose one of two alternatives: a progressive or a linear income tax.
  - The former consists of two thresholds (18% and 32%), which are the same as income tax for the employees. The latter is fixed at the level of 19%. This is the most favourable option if revenue exceeds the equivalent of approximately €20,000.
  - In both cases, the self-employed have a right to deduct costs linked to their professional activity as well as depreciation before calculating earnings before tax, and also to deduct VAT tax (if applicable), which makes this form even more attractive as compared to employment.
- Relatively few in Poland operate through limited companies.

**Spain**

- In Spain the system for iPros depends greatly on profession.
- If an iPro is included in those Professional Institutes or Associations organised prior to 10th November 1995 which have not become integrated within the Social Security System (including lawyers, architects, chemists, engineers) they are entitled to opt between the Special Scheme for Self-Employed Workers (the so-called Régimen Especial de la Seguridad Social, hereinafter RETA) or in the mutual insurance established by their Professional Institute or
• Professional mutual insurances provide less cover (in range of benefits and in amount) than the Social Security System, but require much lower contributions. Thus, such alternative insurances are more affordable for iPros in the beginning of their professional careers, but the result is that they obtain less and lower benefits than they would secure under the Special Social Security Scheme for Self-employed.

• Under RETA, professionals gain health care in case of maternity, common illness, professional illness and accidents; economic benefits for temporary disability, maternity, paternity, incapacity, retirement, death, survival and having child dependents. Self-employed members were not entitled to unemployment benefit until 2010; it is now allowable but only in cases of involuntary cessation of business activity, and on less favourable terms than for employees (e.g. for 12 months rather than 25 months).

• Contributions are up to 29.8% plus 2.2% (covering unemployment), reflecting a slightly reduced version of the total of employee and employer contributions. Those under 30 (35 for women) enjoy reduced contributions for 15 months after joining; those rejoining after maternity leave, and those with disability, are also given a concessionary allowance.

**United Kingdom**

• The social security system provides for variable contribution rates. The self-employed pay a low level of contribution but gain access to relatively few benefits. The system in the UK has recently undergone considerable reform, largely as a result of the Welfare Reform Act 2012. This has brought together a number of hitherto separate benefits, but few of them were available to the self-employed. Many benefits in the UK do not require a contributions record.

• Self-employed people who only pay at the lower contribution rate can only really access the following benefits:
  - A basic state pension, currently around 130 Euros a week.
  - An incapacity benefit, currently being phased out and along with other non-contributory benefits being rolled up into the Universal Credit.
  - Although there is no access to state sickness benefit or to state maternity, paternity and adoption pay, some very basic payments are available to the self-employed, such as the Maternity Allowance which is a one-off lump sum payment made to all.
  - iPros in the UK have to look to private providers for health, enhanced retirement and other protections, including income protection. These tend to be expensive.

**The legal framework for business in each of the nine states**

**Belgium**

• To be self-employed a person must normally be 18 years of age. Declared bankrupts, those convicted of fraudulent bankruptcy or on probation are among the groups of people who are excluded from the right to be self-employed. Belgium is a state with three major regions. This conditions much of the administrative framework and procedures that apply to iPros.

• Linguistic matters are also important for the world of work and all iPros, especially those moving to Belgium from another EU state, must be able to demonstrate proficiency in one of the official languages and be able to show they have the capacity to run a business. Those moving to Belgium must also obtain the Professional Card indicating they have the qualifications to work in a particular occupation.

• The iPro can seek advice from the public business co-ordination centres and must then register with the Register of Companies (KBO/BCE) set up within the Federal Public Department for the Economy, Small and Medium-sized Enterprises and the Self Employed and Energy. The iPro is then given a unique identification number to be used in
the future for a range of purposes. It is important to note that in Belgium an iPro who has not set up some form of
company (a fairly complex process requiring the notional lodging of funds with a bank etc.) is personally liable for
debts, as is their spouse unless a formal marital agreement dealing with the matter has been set up by a lawyer. The
choice of business structure is fairly wide but again legal professional advice is normally required to execute them.

• Regulated professions are subject to specific legislation. These are: estate agents; land surveyors; registered
accountants and tax consultants; chartered accountants and tax advisers; company auditors; psychologists;
architects.

• There are many professional bodies in Belgium covering both regulated and new professions. Some are regionally
based, other religiously based; some dedicated to a single professional group and a few operating cross-profession.

• Sole proprietorship (as a natural person) is easy to set up, but, having a single founder, the company’s assets are
not separate from the founder (therefore that person incurs unlimited liability).

• Public limited companies (SA/NV) require at least two shareholders and limited partnerships also require two or
more people. Thus, these are not appropriate structures for iPros.

• The private limited liability company (société privée à responsabilité limitée / besloten vennootschap met beperkte
aansprakelijkheid - SPRL/BVBA) is the only form of company that can be set up by an individual. However, formation,
registration, accounting etc. provisions are more onerous than for sole proprietorships, so it is unlikely that this would
be the natural choice of organisation for iPros.

Finland

• As well as the requirement to register the right of residence with the Police, formal requirements depend on type of
business structure.

• If the iPro remains a sole professional, they personally undertake full legal and financial liability for the business and
is entitled to any profit made (subject to taxation). There is no need to prepare establishment documents, keeping
start-up costs down. There is also no minimum capital requirement.

• Setting up and running a limited liability company is more complex and expensive. Registration documents are
required; a relative modest minimum capital of €2,500 is also required. There are also more onerous rules governing
the preparation and publishing of accounts and for the ID number to be used in all company communications and
stationery etc.

• Both private entrepreneur and limited company may have to register certain information on the Trade Register.
Registration fees are charged at a lower rate for iPros than for other organisations.

• For some professionals, notification of their ‘right to practice’ licenses may be required, depending on the nature of
the business. Unusually, there is no requirement in Finland for architects to be licensed.

France

• The role of the professional bodies in France ensure that there are strict requirements for compliance with national
procedures and standards. In France, outside the governmental sector, the Chambers of Commerce and the Metiers
(craft organisation) have considerable roles and influence. France generally relies on registration with relevant
government departments. Administration is efficient but can be slow and complex, especially for non-French
nationals.

• If you are an iPro in France and are starting up or the business is small, the most appropriate form of business
structure is probably to register with tax and other authorities as an Enterprise Individuelle (EI). However for service
providers this is only possible where income is below €33,000 per annum and anyway there is personal liability for the
iPro themselves. It is possible to protect, say, the family home with a déclaration d’insaisissabilité through a notaire.

• Business structure is regulated by the relevant Centre of Enterprise Formality (CFE), in accordance with 2006,
123/EC; CFE covers all registration paperwork, as well as registration with the social security system. CFES include
chambers of commerce and URSSAF for professionals.

• There are three company structures available as an alternative for sole proprietorship. The EURL is most popular,
followed by SASU (both limited liability but EURL has the simpler capital structure). The EIRL, adopted in 2011, is a hybrid of limited liability and sole proprietorship, but is very rare in practice. EURL and SASU are fully limited liability; EIRL limits liability according to limits on professional purposes.

• Sole proprietorship has special status for the micro-enterprise and auto-entrepreneur. In all such cases, the iPro retains full and unlimited liability, and direct liability. The auto-entrepreneur status has become particularly popular; there are thought to be 700,000, 30% of all professionals. CFE registration fees are higher for limited companies than for sole proprietorships, because of the need to pay for the drafting of statutes.

• Legal recognition of status as a non-wage, independent professional depends on the presumption of non-subordination; this is violated if a contract of employment exists; at that point, the Labour Code and collective agreements come into force.

Germany

• Business and employment administration is not complex in Germany. To work as a self-employed person it is only necessary to inform the registry office (Einwohnermeldeamt) although it should be noted that Germany is keen to ensure only genuine self-employed people work as such.

• There is resistance to ‘disguised’, ‘sham’ or ‘dependent worker’ status and so an iPro will need to be autonomous.

• If self-employed status is used, the individual remains liable for all debts and other issues and so one of the various business structures might be used. These include various forms of companies and partnerships. The legal question is one of personal liability. The OHG provides a simple business model but does not protect personal liability of those involved. The GbR is a flexible company model which can be a one person company but the GmbH, the usual limited company requires a €25,000 deposit, which may be beyond the means of many iPros.

• Registration procedures appear quite simple and generally the business and fiscal authorities’ procedures in Germany do not seem too difficult or complex. There is clear division between employers and employees. Employees (dependent workers) get full labour rights. Employee-like persons get (very) limited rights, including paid holiday leave and access to collective bargaining – some iPros may get these rights, but only if they perform their services personally and mainly for one principal.

• There are two categories of self-employed people, which are “business people” and “members of the liberal professions”. In each case there are licensing or permit requirements, depending on the specialism of work. There is also a requirement to become a member of the chamber of industry and commerce. It is also necessary to notify the tax office of any profits and provide a statement of assets and liabilities.

Italy

• To work as a self-employed person, you have to have a certificato di residenza but it has to be converted to one of self-employment (lavoro autonomo) or a freelance certificate (lavoro indipendente) or operate as a member of a liberal profession (libero professionista).

• It is likely that iPros will need to have one of the last two certificates, depending on their occupation. Registration with appropriate profession or association is essential and working without completing the administrative requirements can lead not only to a heavy fine but expulsion from the country.

• An individual must be therefore be on an appropriate register but if there is no regulated profession involved they must be registered on the Registro delle Imprese (Register of Enterprises). They must obtain a certificate of registration, register with the local tax office and be registered for VAT purposes.

• These requirements are not in themselves daunting, but much depends on the speed and efficiency of local offices. Assuming successful registration, the self-employed person is taxed as an individual and therefore remains personally liable. Alternatively, they can set up a limited company. Once again there are various options and the strong advice to the self-employed is to seek professional support before going ahead as there are many fiscal and other implications of their choice.

• A particular issue, which has impacted onto iPros has been Italy’s concerns about employment status. It has been considered earlier in the report that to be genuinely self-employed you must not be in a subordinate position. Many freelancers run the risk of ‘para-subordinate status’, i.e. as quasi employees, especially if they are dependent on
one client for work and lack the features of an entrepreneur. Associations in Italy devote much effort to advising, especially new professionals, how to retain their independence. However, Italian Law (Article 2222 of the Civil Code) in defining self-employment as not being subordinate, cites the liberal professions as being the best examples of it.

- For a sole proprietorship it is necessary to set up a VAT number, request a tax identification number and sign up to the Business Register of the Chamber of Commerce. Companies are set up by deed and notarised. Registration must take place at the local Revenue Agency within 20 days.

**Netherlands**

The issue of correct employment status is a complex one, as there are concerns that self-employed status is abused. An iPro can go to the local office of the Tax and Customs Administration and apply for a VAR (Verklaring arbeidsrelatie). The office applies certain tests to determine status and if satisfied the VAR is granted and can be used to reassure clients that self-employment is correct. Some clients require sight of the VAR before a contract is granted. The application process can take up to eight weeks. The VAR is also subject to strict monitoring.

- All businesses, including iPros have to register with the Chamber of Commerce (Kamer van Koophandel) Trade Register. The registration, if done in person requires basic personal data and can be done in a few hours. There is an initial and annual fee for this registration and the amount depends on the nature of the business. The Trade Register is a public document and any changes to the business need to be promptly notified.

- There is a need to register with the local offices of direct taxation, indirect taxation and social security. For sole traders/self-employed this registration can be done at the same time as registering on the Trade Register. It is reported that Dutch taxation is very complex and will require professional advice. There are also specific rules about the types of contract a self-employed person should use, depending on the nature of an assignment. The two basic versions are a Service Agreement, for on-going advice and other work, and the Contractor Agreement where work is for a specific project.

- iPros would, by definition come under the heading of a “zzp’er” (or “freelancer”) i.e. self-employed person with no employees who works for a number of customers. However, this is not a legal category of self-employed worker, so it is necessary to consider the legal categories which do exist. Dutch law provides a range of business models beyond that of sole trader/self-employed. iPros who are members of regulated professions can form partnerships (A VOF or CV) whereby income tax is payable on profits but individuals are liable for losses and other responsibilities. They require registration, as do limited liability companies (BV), along with a cash deposit. This type of business organisation may be too formal for most iPros, though it does have advantages.

- In 2013 a new Social Akkoord was agreed which aims to recognise iPros as a distinct group and which should lead to legislative changes.

**Poland**

- The steps taken to set up a business in Poland have been previously considered in Chapter 3. In common with most other EU states, a number of steps have to be followed:
  
  - The business must be entered on the Register of Business Activities. This can take up to two weeks and has a small cost attached to it. The entry is filed at the City or Commune Office.
  
  - A REGON number has to be obtained and be filed with the statistics office. This works for most administrative purposes and is unique to the individual.
  
  - Where a company is being set up there is a need to obtain a company seal. This is necessary for banking etc.
  
  - A bank account must be set up.
  
  - The business must register with the tax office.
  
  - The business must register with the social security institutions.
  
  - City or Commune must be notified where the business is located.
Spain

- Health and safety law has specific provisions to ensure cooperation, information and instruction between companies and any self-employed workers with whom they contract. Companies remain responsible for the health and safety of those they contract, by ensuring compliance and readiness of any equipment. Self-employed workers’ right to interrupt work where health and safety is in danger is specifically protected.

- iPros can work as sole proprietors with unlimited liability, with no additional legal status necessary, and no obligation to register (although it may be advisable to do so). Set-up can be undertaken online, and there is no legal minimum capital requirement.

- Anecdotally, the administration system is complex and slow, coupled with continuing tight regulation of professions and professional qualifications. A self-employed worker works for themselves and before work can commence they have to register. The steps are as follows:
  - Compete the Declaration Censal de Inicio de Actividad. This is completed at the local tax office.
  - Registration with Social Security under the Regimen Especial de Autonomos with the local social security office.
  - Registration with the relevant professional board.
  - Obtaining a municipal license for work premises.

- Alternatively, limited liability companies can be formed, with just one member, with a process of incorporation through the Central Register of Companies; certain taxes are incurred.

- Employment law expressly states that “own account work carried out shall not be subjected to labour legislation”, although the law also assures of their right to exercise fundamental public rights and liberties recognised by the constitution. Specific rights recognised for autonomous workers include equality before the law, protection from discrimination or harassment, to professional training, to physical integrity, to receipt of agreed economic compensation, and to family life and social assistance.

United Kingdom

- There are relatively few regulations that impact on iPros.

- Starting out as an iPro is simple, with the only key decision being whether to set up a limited company.

- Registration is only required by the HMRC—the tax authority if they wish to be ‘sole traders’.

- Setting up a limited company is simple and does not require capital. Registration is with Companies House and recently reporting and monitoring requirements have been eased.

- There have been major issues in the UK over employment status, i.e. what differentiates the employee from the self-employed. There have been high profile cases involving highly paid staff allegedly self-employed working for public sector bodies, in particular. HMRC has undertaken a number of initiatives to ‘close loopholes’ but the outcomes seem unclear.

State support for start-ups in each of the nine states

Belgium

- These target the unemployed with support to become self-employed. It is also possible to delay social security contributions and some self-employed qualify for allowances.
Young (under 30) people get support e.g. preferential loan rates and start-up loans. There is now a simplified company status (SPRLS) with relaxed requirements regarding minimum capital (EEOR) which is available to all.

Competitiveness and Innovation Programme for SMEs – this is an EU scheme, so applies to all member states.

Finland

• Free online service providing information for companies and entrepreneurs. Business start-up accelerator programme.

France

• Under the law in favour of SMEs (2005), tax arrangements were reformed to encourage investment, hiring and inheritance of SME businesses. Under the Modernisation of the Economy Act, the auto-entrepreneur status was created. Most recently, the 2010 law relating to sole proprietorship with limited liability created EIRL company structure.

• Financial supports include:
  • New support for the creation and enterprise buyout – aimed primarily at job seekers, the entrepreneur is technically assisted for three years, with a non-interest loan of up to €10,000 for 5 years.
  • Loan for business creation, secured by OSEO (SME business finance public agency) of €2,000 to €5,000 coupled with a conventional bank loan, designed for enterprises under 3 years old.
  • Support for job seekers creating or buying out a business (ACCRE) offers an exemption from social security contributions for one year up to 120% of minimum wage (€20,595).
• Professionals are subject to the compulsory contribution to vocational training (€93 in 2013), qualifying them for support for training and professional development. Subject to approval, iPros can gain funding from the interprofessional fund for training professions (FIFPL).

Germany

• Germany does not currently provide much support for iPro start-ups.

• Until recently, there was a fairly widely used scheme that could be applied for if the potential iPro qualified for unemployment benefit. It was available for 6 months and paid at the same rate as unemployment benefit, plus some extra sums to cover health insurance etc.

• From 2011 availability has been much reduced (by an estimated 85%) as the grant has become discretionary.

• Germany also has a micro-credit scheme introduced in 2010 but it has not proved especially effective.

Italy

• Preferential interest rate loans to encourage under-30s, who can also apply for a start-up loan.

• SPRL Starter status allows lower levels of start-up capital.

• There are a number of fiscal incentives for businesses in Italy which can periodically be made use of. These are aimed at supporting entrepreneurial development, promoting employment, developing certain areas and regions, primarily in the South of Italy (Abruzzo, Molise, Campania, Basilicata, Apulia, Calabria, Sicily and Sardinia) and supporting research and innovation.

• The support measures available include financial aid for investment in some areas; research aid covering up to 40% of costs; aid boosting employment (in the South) and special provision for start-ups in duty-free urban zones, benefiting from lower credit taxes, lower regional tax (IRAP) for the first five periods, lower municipal property tax (ICI) and lower “wedge” of tax and contributions on wages.
Investment aid: financial aid is provided to businesses which buy new materials and equipment destined for organisations and specific areas of Basilicata, Calabria, Campania, Apulia, Sicily, Abruzzo, Molise and Sardinia. Aid is granted as part of public regional aid.

**Netherlands**

- Has an active policy about becoming an entrepreneur, not specifically for the iPros. For the unemployed to start a business and funding for example, relevant courses, there is more than for the self starting iPro.
- Answers for Business: Small Businesses Scheme gives VAT reductions/exemptions for VAT payments and can get exemption from filing VAT returns (administrative burden/costs reduced); SME profit exemption; Private Business Ownership Allowance; “microfinancing” for start-up businesses; entrepreneurs’ allowance (for tax purposes).

**Poland**

- Limited support is available. We have no data on specific initiatives.

**Spain**

- Legal provision is made for a wide range of support, including economic assistance, such as easing the administration of the VAT systems, and the lump sum payment of accrued unemployment benefits to support business creations.
- Advice to those considering self-employment and business start-up is available from the Chambers of Commerce. Work has also been undertaken to streamline the associated administrative procedures, as well as provide Entrepreneur Support Centres (CEAEs). The single points of contact (VUE) have been located at Chambers of Commerce, and further technical advice is available through the Employment Public Services, with the ability to fund viability studies (between 75% and 100% up to €2,000) and training courses (75% to 100% up to €3,000); although funding for training has apparently declined 75% over the four years to 2012.
- Further support is available from the Union Profesional (UP), bringing together 33 associations, institutes and societies, representing more than 1,000 bodies at regional and national level across all different kinds of profession. There are also unions representing autonomous workers, such as Unión de Profesionales y Trabajadores Autónomos (UPTA) and Federación Nacional de Trabajadores Autónomos (ATA); the government has also established a Council for Autonomous Work.

**United Kingdom**

- Limited support is available. But see New Deal Plus and Flexible New Deal – for the over-50s unemployed who have been in receipt of Job Seekers’ Allowance (JSA). There is also a self-employment credit for the newly self-employed formerly on unemployment benefit (JSA) funded by the DWP.

**The professional framework in each of the nine states**

**Belgium**

- As considered earlier, Belgium has strong regional differences. Professional accreditation is often highly localised with, for example, lawyers having be accredited by their local Bar in order to practice before local courts. These traditions impact on the framework within which both liberal and new professionals work. Belgium reports 140 regulated professions, broadly in line with the average of the nine states.
The liberal professions

- The liberal professions in Belgium appear to be regulated along traditional lines. ‘Ordres’ provide the licensing/accreditation process which includes prescription of training, qualifications, rules on advertising cooperating or working collectively with other professions, and business structures.

- Some of the developments in professional practice outside Belgium such as ‘no win-no fee’ or other incentivised practices have not developed in Belgium. Although regulation remains, in pan European terms, quite strict, it does not, in reality, provide a monopoly for most professionals. For example, although architects appear to have a monopoly to draw up plans, and to supervise construction projects, if ‘non-architects’ undertake such work, there appears little enforcement of the rules.

- Other professions, especially those concerned with health care, are subject also to state control, for example, as to the numbers entering the profession, but also enjoy wide discretions, especially, over the fees they can charge. Subjects to overall state monitoring. Physicians and pharmacists, for example, operate within a clearly defined structure that differentiates between the various medical and para medical groups. They have monopolies to practice their work and also considerable influence through their specialist professional bodies such as the Royal Academy of Medicine.

- The overall position as regards the liberal professions in Belgium remains that of fairly strong professional regulatory and support bodies which remain effective to control entry to the professions along with professional conduct and business practices. At the same time, it should be noted that the notion of the ‘sole-practitioner’, ie the self-employed individual who works alone or in loose associations is still the norm and Belgium has not seen, outside Brussels and other major cities, the rise of the large multi-national professional companies that dominate the market place in some other EU states. In this sense, professional practice by iPros is an, or even the, orthodox way of working, though tight self-regulatory controls do inhibit entry, especially for non-nationals.

The new professions

- Belgium has a richness of associations and bodies concerned with the new professions. Some cover ‘traditional’ new professions, such as translating and interpreting, (CBTIP) and those in journalism, publishing and other media occupations traditionally undertaken on an iPro/freelance basis. (See, for example, the Association of Professionals of the Cinema and Audio-visual Independents of Wallonia). Illustrative is also the Belgian Association of Architects of Gardens and Landscape Gardens (ABAJP) and the Union of Designers in Belgium (UDB).

- The ‘newer’ professionals, such as consultants, financial advisors, ICT specialists also have their professional bodies. For example, the BPRCA, which represents public relations consultants. Belgium has a relatively well developed market for both specialist and general temporary work agencies. We explored this in Phase 2 of this project.

- Many of the Belgian associations report that they offer training and skills updating, as well as aiming to influence policy development and lobbying.

- Trade unions appear to play little role in Belgium for iPros, though it is reported that the main white collar union, LBC-NVK has in recent years targeted iPros, though it is unclear whether this has been successful.

- A particular feature of Belgium, which was touched on in this Chapter, is the role of the High Council for Self-Employed (HRZKMO/CSIPME). This is a public body at federal level for policy development for professions and trades. It recognises over 140 bodies covering trades and both liberal and free professions. Professions appear to be represented in terms of areas of expertise, rather than whether they are regulated. For example, there is a sub-section on law and business professions, another on medical and para-medical professions, one on technical professions and ‘others’. It is clear that iPros do have or can have representation in this body but what remains unclear is the extent to which it fully represents their interests and ensures ‘iPro friendly’ laws and policies.

- Belgium appears to have a more collaborative approach to professional body representation and at some levels there is not such a strict divide as in other states as between the regulated and less regulated professions.

Finland

- Finland experienced steady growth in self-employment, including iPro work in the early 2000s. Finland reports that the major growth has been in what it refers to as ‘associate professionals’, rather than liberal professionals. In this respect, Finland is in line with general trends across the EU in iPro work.
• It will be recalled that in the Rapelli Report data revealed that iPro work in Finland is dominated by health and social services, media work and ‘Other’ services, but that the largest single occupational group are in the other ‘new’ professional area of technical services, such as ICT. It is reported that there has also been significant growth in ‘technical consultancy, business actuaries and financial intermediation’.

• The general importance of health service work and technical consultancy work might suggest that iPros in Finland are subject to a regulatory framework typical of those that dominate the liberal professionals. In fact, Finland has a different profile. Although it reports 69 regulated professions, it only lightly regulates the traditional liberal professions, such as law, engineering and architects. The exception to light or fairly light regulation is the medical profession where, for example, pharmacists are tightly regulated and Finland is one of only seven EEA states where psychotherapists and health psychologists are regulated.

The liberal professions

• The state in the form of the Education Ministry regulates academic and vocational qualifications in Finland, though there are professional bodies in Finland that apply codes of practice and ethical rules etc. Regulation does not appear to provide monopolies to practice with the exception of some areas of health work. This implies that access to professional work is relatively easy. There have been no significant regulatory changes recently, and there are few restrictions on the way professionals work in terms of fee setting, business structures, collaboration etc.

The new professions

• In Finland, there is strong sense that if you are not a member of a liberal profession you self-define as an entrepreneur or small business. The associations that some new professionals belong to is the Federation of Finnish Enterprises (SY). It has around 100,000 members of whom around half are ‘enterprises’ with no employees. SY has 21 regional organisations, 52 sectoral trade organisations and 400 purely local associations. The latter sometimes conclude collective agreements on the entrepreneurs’ behalf.

• SY also lobbies strongly on fiscal matters, labour policies, enterprise issues and lobbying within the EU. Importantly, it lobbies for support for enterprise training and support for new entrepreneurs. The latter led to the recent scheme of start-up grants.

• Professional associations for new professionals such as for ICT, artists, journalists and others in publishing and media work have developed. For example, Grafia - the Association of Visual Communication Designers, and the Association for Investigative Journalism.

• ICT professionals can join the Finnish Information Processing Association (FIPA) which, although it has 15,000 members, it is thought only a minority are iPros. There are 48 visual art associations. The Union of Journalists in Finland is large, with a high representation of freelancers. Others are members of the Association of Investigative Journalists.

• Trade unions have recognised the growth in iPro numbers and some, such as the Confederation of Unions for Professionals have aimed to recruit self-employed professionals. It is thought that around 4% of its membership is self-employed, thought it has to be said the overall numbers are low and generally data on Finland is very limited.

France

• France is one of the countries that has seen significant iPro growth but it is also a country with tight regulation of its traditional liberal professions. It is reported that 78% of professionals in France are sole practitioners with no employees. In terms of entrepreneurism it is estimated that of the c.700,000 so-called ‘auto-entrepreneurs’ 30% are in the liberal professions and an unknown percentage in the new professions. iPro working, as has been referred to before, is well represented in the liberal professions, but also in the artistic, sports, health, accountancy and financial services sectors and in various forms of business consultancy.

The liberal professions

• Rights to practice and use professional titles are protected by law and the professional bodies are able to control numbers entering professions and aspects of professional practice.
The Law of 2012-387 of 22nd March 2012 aimed to simplify a range of French administrative processes provided in Article 29. Importantly, it includes a definition of the key features of a liberal profession. This stresses the overriding nature of duties to the client and professional ethics and possibly aims to retain the distinction between liberal and other professions.

Academic and professional qualifications are centrally controlled by the state, with professional conduct often controlled locally by, for example, local Bars for lawyers. The Paris Bar is clearly the most powerful, with Bars providing exclusive advocacy rights. Professional titles are also bestowed on licensed professionals and are closely guarded.

In terms of the degree of regulation and extent of self-regulation France is rated as having high levels, especially for accountants, lawyers, notaries, engineers, surveyors and ‘core’ medical professionals.

In terms of professional bodies, there are many for long-established individual professions. There is also the Chambres Nationale des Professions Liberales (CNPL) which is a key co-ordinating and lobbying body and is cross-professional.

The overall position of liberal professions in France appears to show that attempts to de-regulate have been limited to administrative and fiscal matters with a keen commitment to retaining the distinctive features of liberal/free and autonomous professionalism, including that of stressing the public service role. Therefore access to French liberal professions is dependent on the EU provisions regarding recognition of qualifications and experience, along with freedom of movement rights.

The new professions

The main growth in iPros has been in the new professions, though this has not been without controversy. The controversy has turned on the suspicion that many arrangements are shams. One consequence in France has been the development of umbrella companies (salarie porte) that require their clients to provide iPros with information about collective representative organisations, to explain what type they are (trade or union) and whether they have bargaining rights. The National Union of Umbrella Companies (SNEPS) has grown rapidly in the last five years and has signed agreements with clients in some sectors for pay and a right to training.

Despite the controversies and the aim of some policy makers to resist iPro growth, iPros are well represented in professional bodies, though most are information, support and lobbying bodies. Examples are the French Association for Information and Technology, the French Asset Management Association, the French Association of Environmental Engineers and Technicians, the French Company of Translators, the Federation of Vocational Training, the French Finance Association and the French Federation of Fashion and Fashion Designers.

Some iPros will join local branches of Chambers of Commerce but there is no overall structure in France to support iPros and promote their interests. Trade unions generally see them as a threat, the liberal professions want to retain their difference and although there are many active professional bodies for individual occupations developing broad policy objectives for iPros appears quite difficult in France.

There is one cross professional body—the Union Nationale des Professions Liberales (UNAPL), though it excludes advocates. It is a lobbying organisation and has succeeded in getting clarification of the VAT rules and simplified rules for setting up in professional practice.

Germany

As we have seen, Germany has enjoyed growth in iPro working but against a backdrop of a strong national commitment to iPros in many occupations self-defining as members of liberal professions rather than entrepreneurs or iPro/freelancers. This is despite the fact that many iPros work alone. There are an estimated 1.5 million iPros in Germany. It has a strong tradition of lengthy training for many professional groups, combined with high levels of academic knowledge. German law aims to exclude ‘sham’ self-employment relationships and to protect stable employment generally.

The liberal professions

There are an estimated 152 regulated professions in Germany though much fewer are liberal professionals. The liberal professions include the traditional occupations and rules comply with the 2005 ‘professions’ directive.

Regulation comes from a variety of sources, for example, for lawyers, there is the Federal Lawyers Act, (BRAO),
the Rules of Professional Practice (BORA), the rules of FAO, RVG and CCBE (Bars and Law Societies of Europe),
along with EURAG rules. The rules require high level qualifications and adherence to professional ethics. Liberal
professional regulation is rated as high in Germany.

• There are, of course, many specialist professional bodies but there is also a national body for professions. This is
the Bundesverband der Freien Berufe (BFB) that covers over 70 professional associations. It includes iPros. It is a
prestigious co-ordinating body and it goes beyond the traditional liberal professional associations, for example, a
body that represents freelance proof readers and editors is a member of BFB. It is interesting to explore the extent to
which the existence of overarching representative bodies strengthens the position of iPros in Germany or whether the
more protective polices of the liberal professions continue to dominate.

• There has been little legislative or other change to the powers, and impact of rules on the liberal professions and
it seems that the idea that strict regulation protects the public and maintains standards is closely guarded. There is
a resistance to the de-regulation and liberalisation that is required to encourage greater competition and diversity in
the delivery of professional services. Case law has prompted a few changes, for example, to successfully challenge
some of the barriers against access to professional work of lawyers by non-German qualified persons.

The new professions

• Data remains hard to access, with little information on the number of bodies that represent iPros. There are many
bodies described as trade bodies and it is often hard to determine whether they are promoting an area of work or
the people who work in it. The freelance proof readers have already been referred to, and there is the Federation of
Germany Industry Designers, the Federation of Freelance Translators and Interpreters (ATICOM), the German Society
of Cinematographors (BVK) and a Society for Translators of German Literature. It is unclear the extent to which the
typical new professions, such as in ICT, consultancy, interim management, provision of specialist health work, trainers
and, say, financial advisors have active and useful professional bodies.

• Against the backdrop of the regulated and liberal professions requiring such high educational and professional
standards, iPros in the areas of work in the previous paragraph need effective advice support, especially as regards
training.

• The temporary agency and recruitment market is well-developed in Germany and the extent to which they provide
professional support is being explored.

• Trade unions have long had a significant role in some areas of iPro work. For example, the United Services Union
(ver-di) is largely concerned with media-related occupations. Ver-di offers a wide range of professional support and
services to members, including to the Association of German Writers which is affiliated to it. The German Union of
Journalists is a mainstream trade union with one third of its members being iPros. Mediafon offers strong support
to iPros/freelancers. However, although these unions do provide some professional support for freelancers, they do
not negotiate on their behalf but pay appears to be capable of being fixed in the media. These rates are not strongly
relied on but do possibly set a benchmark.

• Interestingly, iPros in the media sector are entitled to copyright protection by the Copyright Act, 2002 which applies
equally to iPro photographers. Ver-di has also reached arrangements for iPros regarding royalties, though not
technically as part of a collective agreement.

• Overall, Germany is a vibrant market place for independent working, though formal structures and processes to
support them have not so far developed strongly outside the media sector. The influence of the liberal professions
remains very strong and, broadly, sets the tone for policy development and other initiatives.

Italy

• Italy has a long tradition of professional bodies to represent and regulate liberal professions. It has a reported 148
regulated professions and many associations that deal with the new professions. There have been recent moves
to reduce regulatory provisions. Data is not easy to obtain for Italy, as although they are members of CEPLIS,
information is sparse. A very useful source is a very recent publication by Confprofessioni (Confederation of Free
Professionals) of July 2012 entitled Il lavoro negli studi professionali. This compares Italy’s regulation of liberal
professions to Germany, France and the UK. A useful but less up to date source is Georgio Broscio’s Regulation
of Professions in Italy (1997) and the Fondazione Rodolfo Debenedetti has recently published a report (2012) on
‘licensed’ professions. Italy’s overall regulatory indicator is described as ‘medium’.

• A particular issue, which has impacted onto iPros, has been Italy’s concerns about employment status. It has been
considered earlier in the Report, that to be genuinely self-employed you must not be in a sub-ordinate position. Many freelancers/iPros run the risk of ‘para-subordinate status’, i.e. as quasi employees, especially if they are dependent on one client for work and lack the features of an entrepreneur. Law n. 92/2012 re-affirms that the employee contract of indefinite length is the norm and aims to counter alleged abuses through more ‘flexible’ contracts and restricts ‘project work’. Associations in Italy devote much effort to advising especially new professionals how to retain their independence. However, Italian Law (Art 2222 of the Civil Code) in defining self-employment as not being subordinate, cites the liberal professions as being the best examples of it.

The liberal professions

• The professions referred to here are the traditional ones of law, medicine, engineering, architecture, vets, pharmacists etc. Educational provisions are tightly state controlled, with lengthy periods of study and shorter periods of professional training. To practice you need to be enrolled on a professional register (Albo Professionale) and will be subject to supervision by the Council of the relevant professional body. The Councils are prestigious state bodies, with considerable powers. The Council members are elected by the whole of the enrolled profession and are financed by membership fees. Italy has new legislation on professions (Act of 14th January 2013 n 4) which excludes craft workers and health professionals and requires professions to provide statements of qualifications and professional responsibilities etc. The law applies to professions that must have ‘the aim of enhancing the skills of its members’ and ‘rules of professional conduct’. Generally, new professions would not meet these criteria. Regulated professions can now advertise, but cannot restrict numbers, exclude non-nationals, but must insure and undertake continuing professional development (CPD).

• The democratic structure of professions, whilst retaining a high degree of self-regulation has also made change slow. Many professionals work independently and there is a strong sense of localism. There remain strict rules about advertising, fee setting in many professions, and professional conduct.

• Italy has been the subject of a number of high profile cases before the CJEC regarding both mutual recognition of qualifications and freedom of movement, where some of Italy’s practices have been criticised for being too restrictive and too inflexible. The ability of non-Italian qualified professionals being able to practice in Italy appears not to be easy.

The new professions

• Italy has a wide range of professional associations for various new professional groups. For example, there are associations for translators, designers and IT specialists and there is even an Association of Italian Ski Masters. Many occupations have several associations. Take for example, counsellors who provide psychological support. There is SICO, FAIP, CNCP, REICO and AICO which are thought to have several thousand in membership, including iPros. There is also CoLAP (Co-ordination of Free Professional Associations) founded in 1999 to raise the profile of non-regulated professions. The policies of such bodies are not just to raise awareness of such iPro groups but to raise status as well, through offering training, support, networks and facilities. Although some progress has been made, the inability to award titles to these professionals has been a contentious issue.

• Trade unions remain strong in Italy, though much is changing on the labour law front. However, the genuine self-employed/ freelancer as opposed to the ‘para-subordinates’ remain outside the domain of trade unions and collective bargaining for most occupations.

• There is only limited information to date on how the associations that support new professionals work and the extent to which they provide tangible and relevant support for iPros.

Netherlands

• The Netherlands has a well-established and well organised iPro community. As has been seen, recent growth in numbers has been less spectacular than in other states but this is probably a reflection of the maturity of the market. Employment agencies have a key role in the Netherlands. However, despite this maturity, the Netherlands is not well featured in major surveys and data bases. This includes CEPLIS, the EU organisation for liberal professions, is absent from some GEM reports and in some ways its data is limited.

• As has been seen, the Netherlands only has two employment categories - employee or self-employed - though some occupations have special rules applying to them, such as in the entertainment industry, for students on placement and agency temps. The Netherlands, too, is concerned by ‘sham’ self-employment such that the tax authorities sometimes ‘deem’ individuals to be employees. This practice is an important agenda item for professional bodies in the Netherlands. However, on the positive side, as has been seen, working from home does provide the self-employed with some tax advantages.
The liberal professions

- The Netherlands has well regulated professions in the usual civil law tradition. The level of regulation is recorded as being medium with fewer restrictions on professional practice, such as advertising, types of business models, pricing etc but strict educational and qualifications regimes than in some states.

- The Netherlands has a good record of compliance with EU legislation on professions and case law and is recognised as being more open to prospective applicants and practitioners than most EU states.

The new professions

- There are a number of occupation-specific associations, such as the Association of Dutch Designers (BNO) and the Netherlands Psychiatry Association (NVVP), where again we see the evolution of the bodies to represent para-medical and health care and welfare professionals.

- The Netherlands has probably the best developed cross occupational organisations to represent iPros. One such is PZO (Platform Zelfstandige Ondernemers), a pressure and support group. PZO has a large membership and provides a wide range of services for members.

- It is reported by the European Foundation that in the Netherlands there are three types of associations (for iPros). First there are trade unions, then trade associations (to promote trade activities) and then private/commercial bodies. Many of the iPro bodies are in the last group. It is reported that they offer ‘strong’ support and this indicates again the maturity of market referred to earlier.

- There is no collective bargaining for iPros, though their position in the labour market remains controversial for trade unions. However, the strength of numbers of iPros, their high levels of professional organisation and their effective voice in policy terms makes their position relatively strong.

- There are some interesting examples of innovative working practices and new forms of co-operation and business structures. In this regard, developments are much in line with those in the UK, eased by the relatively low regulatory regime generally and the Netherlands’ strong reputation for a flexible labour market.

Poland

- Obtaining data on iPros and their organisations is difficult, though data on the liberal professions is more accessible. Poland has one of the fastest growing iPro rates in the EU and we also know that there is a wide distribution of occupations. Poland has generally made considerable strides towards deregulation and increasing flexibility, which, in principle, should support iPros. Poland is keen to differentiate the genuine self-employed from sham relationships and there is evidence that this policy has been effective. So the freelance/iPro community in Poland is now more clearly identifiable and settled.

The liberal professions

- The obtaining of professional qualifications and prescribed practical training for professions such as law, medicine and architecture in effect provide a monopoly for individuals. The framework is state controlled, though Poland has many of the usual professional bodies for the liberal professions.

- Although there have been recent moves to relax or even remove some of the regulations, the level of regulation generally remains tight. Entry for non-Poles remains also difficult, though the entry of many non-Polish organisations since 2004 - in particular, multi-national law and accountancy firms - have changed the landscape.

- Increasingly, Poland is looking to outside its borders to recruit professionals, including on a freelance/iPro basis. Again, this is a feature of the law and accountancy professions.

The new professions

- Data on the regulations that apply to the new professions and the organisations that support them is scarce indeed. However, we do know that in 2006 iPros set up the Self-Employment Forum, interestingly affiliated to the Polish Confederation of Private Employers (Lewitan). It needs to be explored whether iPros are in membership or represented. It seems doubtful and it is unclear how many other bodies do exist for iPros beyond occupation specific associations.
Associations have been set up in Poland for several of the ‘typical’ iPro occupations. For example, there is a Polish Chamber of Information Technology and Telecommunications (though it might be more of a trade than professional body); there is also the Accountants Association in Poland and SEP, the Association of Polish Electrical Engineers. Again, it is unclear whether these associations cover liberal or free professions. There may well be many other associations for, say, journalists and designers but this needs to be probed further.

We do know from research undertaken in Poland, that in line with research from other states, iPros in Poland tend to have the same personal and work characteristics as in those other states and in global terms.

Spain

Spain, exceptionally among the nine countries, has seen recent decline (9%) in iPros. This is likely to be a consequence of the general economic difficulties but the reasons are not entirely clear. For many years there has been growing deregulation of Spain’s once heavily regulated labour market. However, Spain has also been concerned to ensure that only the genuinely self-employed are so treated, the key definitions coming from social security law.

In 2007, Spain passed the Self-employed Workers Statute, following negotiations concerning it to genuine self-employed with the social partners. It provides, according to its preamble ‘a comprehensive and structured legal framework covering all aspects of self-employment’. In fact, its main relevance appears to be for the less skilled self-employed rather than professionals, for it provides as we have seen in Chapter 3, unemployment payments after business failure, maternity and paternity leave, statutory sick pay and health and safety protections. Rather than deeming dependent workers to be employees, the statute recognises and legitimises them. However, its relevance for iPros is not entirely clear.

Professions, at least the traditional ones, are covered by legislation relating to qualifications rights and duties. On the regulatory index, Spain emerges as having high levels of regulation of professions.

The liberal professions

It is reported that Spain has 174 regulated professions, not all of which are liberal, i.e. having a high degree of self-regulation. Information about professions in Spain is obtained from the Professional Union (Canal Profesiones). This grew out of Ley de Colegios Profesionales Professionals Law and Article 36 of the Spanish Constitution. Almost all professional bodies belong, not just members of liberal professions. The aim is to bridge the gap between educational bodies, especially the universities, and the professions.

The key professions in membership include lawyers, actuaries, real estate agents, architects, registrars, architectural technicians, health professionals, members of the College of Economists, pharmacists, doctors, dentists, vets, court administrators, agricultural engineers, physiotherapists, opticians, patent agents. This appears to be a very important policy making body and the topics for discussion appear likely to be a considerable relevance, especially insofar as they deal with training and up-skilling.

The extent of self-regulation for some of those professions is considerable, in terms of control of numbers, entry qualifications, fees, professional conduct etc. There appears little evidence of innovation in professional practice or other developments to change the landscape for the regulated liberal professions in Spain.

The new professions

As has been seen, there is an ‘umbrella’ structure that includes both new and liberal professions. Over 50% of iPros are engaged in technical or other services, but fewer in ICT.

Some occupations, such as those in health care are necessarily regulated but it is unclear the extent to which business, artistic, and financial and other services are regulated. What we do know is that there are associations in Spain that represent them, such as the Spanish Association of Computer Professionals, the Association of Authors of Theatres, the Chiropractic Association and the Spanish Association of Pharmacists in Industry.

There is no evidence of trade union representation of iPros or collective agreements.

United Kingdom

The UK’s emphasis on professional services market liberalisation means in many ways a much less clear distinction...
between liberal professions and new professions. For example, most of the legal services market is no longer controlled by monopoly professional bodies. While the legal services market has recently been liberalised, other professions such as in para-medical work, i.e. beyond a liberal professional, have become strictly regulated by the state. The picture in the UK is complex and fast-moving. However, should professional groups seek to access privileges, they are unlikely to succeed.

The liberal professions

• The traditional professions of medicine, law and accountancy have thrived in the UK, with powerful professional bodies, especially for medicine. The UK has taken seriously both the EU’s recognition of qualifications provisions and freedom to provide services. There are many current reviews and debates about liberalising professions in the interests of consumers.

The new professions

• The UK has a fairly mature new professional services market, with freelancing well-established in some occupations, especially in arts, media and consultancy services. There has been growth in the health and education sectors.

• The UK has a richness of professional associations, some having chartered status, ‘Royal’ in their title and many, therefore, seeking prestige and recognition. Some have the air of a ‘learned society’ and provide lectures, debates and have journals; others are more in the nature of trade associations with a severely practical agenda of supporting members in their work.

• There have been conscious government moves to increase regulation of some sectors such as the Health Care Professionals Council – responsible for conduct and ethics regulation in its field since 2009. The Council maintains a register, removal from which removes the ability to operate in many fields. Again, much as in law, professional regulation has been separated from the positive, representative roles, which remain with the likes of the British Association of Social Workers.

• In technology and media, as elsewhere, there is much less statutory involvement, no doubt reflecting a lower perceived risk to consumer or public interests. Most such sectors have professional bodies, but these are often wholly voluntary – professional standards can only be enforced by sanction of withdrawing membership, not affecting the right to practice. The use of royal charters, described previously, has allowed some of these professional bodies, to develop a level of reputation and perceived assurance that such sanctions are considered significant – for example, the British Computer Society (BCS) or the Chartered Institute for Information Technology (CIIT) are well-regarded in their field.

• Most of the UK associations are ‘profession specific’, with few promoting and supporting freelance working across professions. PCG is a notable exception as it has a range of professions within membership, though, of course, membership is not compulsory, and its role is primarily representative and supportive, rather than setting and enforcing regulatory standards.

National Reports for Chapter 4: How iPros Work

These national reports cover:

• Information and advice
• Business support, education and training

Information and advice in each of the nine states

Belgium

• Information sources appear to be mainly local offices of the various administrative functions.
The public business co-ordination centres are well spoken of, although they cannot play a formal role in the various procedures. Professional bodies are well organised in Belgium and many iPros can use their facilities. For some occupations trade unions also play a role. For example, it is reported that journalists are well supported.

Sources of advice and support appear mainly to be members of the traditional liberal professions. There is no legal aid, so costs have to be borne by the individual.

However, where Belgium appears strong is in its financial support for iPros. For example, the Flemish, Walloon and Capital Region offer investment aid for a business operating in the relevant region.

The support can take many forms, including interest subsidies, support for particular kinds of work, e.g. environmentally friendly projects and investment that might lead to job creation attract a number of tax advantages.

Finland

Despite seeing significant iPro growth in recent years, data on Finland has proved hard to obtain.

There are some fairly tight rules on residence, registration only if the business is likely to be successful and aspects of employment status. For example, you cannot be self-employed if you are employed by a company where you are the sole owner or dominant shareholder.

Self-employment is essentially an individual status with individual responsibility for tax etc.

France

Advice and support is generally with various professions and with banks and other financial services organisations.

Germany

Information is available from the German government’s business start-up portal and from the Chambers of Commerce or Chambers of Skilled Trades. In addition, local business registration offices (Gewerbeamt) provide information.

Practical support on fiscal and other matters, including dealing with business regulation is generally provided by local professionals, such as lawyers and accountants. Free advice appears less readily available.

Italy

The extent of official information is unclear. The Professional bodies and the Chambers of Commerce will likely provide both information and some support.

Self-employed people can join the Unione de Commercio which does provide information and also support in matters such as insurance, health insurance and help in dealing with the Italian bureaucracy itself. These are local organisations and therefore, it is presumed, reasonably accessible.

Netherlands

Advice is available from the Chamber of Commerce, and from the Tax and Customs Administration.

Especially useful is Holland Gateway, a network of government and private information providers, especially useful to non-Dutch people. Postbus 51 Information Service has a Freephone number and it is reported that queries are answered speedily.

There are some matters that probably need professional help and that has cost implications.

Poland
• The Ministry of Labour and Social Policy is a useful source of information but we are unsure of any other practical sources of information, especially to do with iPros, as opposed to SMEs.

• The same applies to sources of advice and support. These include initiatives for funding start-ups and help with legal and other duties.

Spain

• Information on being self-employed in Spain is not easy to obtain.

• Many accounts of working Spain stress that much work is ‘cash in hand’ and part of the grey economy. Both the general economic climate and the public administration system seem to conspire to make informal working more attractive.

• One commentator on a social network commented that; “Spain has no fame or history for helping small businesses or entrepreneurs, so the cards are stacked against you from the start”. There is reference to ‘crippling’ social security costs which are fixed at 270 Euros per month, regardless of income.

• Although there are concerns about the risks of iPro working in Spain - and indeed, iPro working has declined in recent years - significant numbers work this way, including in the public services.

• Legal and other advice has to be obtained from appropriate professionals. It is unclear whether there are specific programmes to help with finance.

United Kingdom

• It is generally considered that working as an iPro in the UK is relatively straightforward and this was broadly confirmed by the interviews in the UK.

• Public information about what has to be done before starting work is now available from GOV.UK, which took this role over from Business Link from Autumn 2012.

• In England, Business Link has been replaced by Local Enterprise Partnerships, though it is as yet unclear how these are functioning. All of the UK bodies have a primary concern with setting up SMEs, though much of their advice is useful for iPros. At least one of the UK iPros mentioned the website but it is clear that if you want detailed advice and support you need to go elsewhere as the GOV.UK site is very much a first stop but little more.

• Other sources of use are Citizens’ Advice Bureaux (CABs) which do provide a ‘Self-employed Checklist’. It is doubtful they have the resources to provide much direct help to an intending iPro.

• The tax authorities - Her Majesty’s Revenue and Customs (HMRC) provides probably the most useful information and advice, though clearly it only extends to tax and social security matters. As the issue of alleged ‘sham’ contracts has a very high profile in the UK, advice from HMRC is especially useful. They provide a checklist for employment status and potential iPros are advised to use it, especially if they have relatively few clients, long assignments and could fairly easily be seen as ‘employee-like’.

• There is a wide range of professional and trade bodies in the UK to provide support.

• The Institute of Directors (IoD), which is a subscription body with a large number of members, does provide much support and advice relevant for iPros/freelancers. It provides information, some free legal and financial advice, events, meeting facilities, training but these come at quite a high cost, especially for someone starting out. The IoD is a very useful support facility for established iPros and a good networking body and has a section that deals with international work.

• There are a few organisations in the UK with a specific remit for some types of iPros. The Prince’s Trust provide financial support, work experience etc. for young people who want to work for themselves and the PRIME Business Club has a remit to help older people to become self-employed.

• Co-operatives are also a business model, which along with their core business, also provide support to members in terms of business advice and some of our interviewees have reported that working in a co-operative was a useful
prelude to working for themselves.

- The UK has a vast number of private organisations and websites that support iPros, including ones such as Quickstart which provides packages, especially for those migrating to work as iPros in the UK, but this is done on a full cost basis. On-line facilities such as ContractorCalculator provide much useful information, especially on fiscal matters and for a wider range of information and support, PCG - The Voice of Freelancing is extremely useful.

- Nonetheless, it seems that most iPros in the UK rely on an accountant and occasionally a lawyer to provide the targeted advice that they need. They report that fees are not too high and the use of an accountant who can deal with matters such as setting up a limited company gives peace of mind and is a continuing resource.

### Business support, education and training in each of the nine states

#### Belgium

- There is little information to date on education and training and how iPros in Belgium update skills and the extent to which there are formal requirements to do so.

- Members of the liberal professions have requirements. It is also unclear the extent to which the national council that deals with professions in Belgium has this as an agenda item. In terms of non-national iPros working in Belgium, case law suggests that there can be difficulties with some occupation (both liberal and free) making it difficult for non-nationals to practice.

- There is little distinctive data for Belgium on accessing work.

- There appears less evidence for the development of formal networks and co-working in Belgium, though there are several media outlets that support and provide advice for especially young people finding a career, including as iPros.

#### Finland

- Finland has an excellent reputation for its general educational standards, but rates less well for business education skills and CPD.

- The liberal professions are generally well provided for in terms of CPD but there appears to be less development of CPD for the free professions.

#### France

- Vocational education is well developed in France, as is preparation for the liberal professions and new professions.

- It is unclear the extent to which the updating of business skills is formally developed and assessed, and what the requirements on individuals are.

- Employment agencies, both generalist and specialist are well developed in France and with the rise of the portage salarial (Umbrella) and, one suspects, other innovative forms of working.

#### Germany

- Germany has an especially well-developed system of education and training, with an emphasis on formal qualifications and competences. It is unclear whether there is a developed system for providing business skills for the self-employed and SMEs and whether there is an emphasis on life-long learning/professional development. This needs to be further explored.

- Germany has a number of international and specialist employment agencies that aim to obtain employment for the
self-employed as well as employees.

• It is unclear as to the extent to which networks, innovative work seeking structures have evolved beyond those of the international websites referred to in the chapter. It appears to have some specialist networks for some professions, such as the VFLL, the Society for Editors and Proof Readers.

**Italy**

• It is unclear the extent to which there are facilities for developing business skills for iPros and for providing up-skilling.

• It is assumed that the various professions do have formal requirements but where and how training is provided is unclear. It is assumed also that there are private bodies dealing with vocational training.

• Employment agencies, both general and specialised and less developed in Italy, and it is assumed that iPros obtain employment through advertising, where this is lawful, and the use of professional networks. The extent of the use of the international and specialist websites considered briefly in the Overview is also unclear.

**Netherlands**

• It is unclear the extent to which the Dutch education system develops business skills, or what is required for life-long learning and/or up-skilling for various professions. It is necessary to check with the various professional bodies and find out more about the facilities and costs of such up-skilling.

• The Netherlands is an open labour market and the typical work search methods of iPros fit well.

• The employment agencies are well-established in the Netherlands, though it is unclear as to whether innovations, such as umbrella companies, co-operatives and business associations that are not formal or corporate have evolved.

• iPros appear well supported in the Netherlands but there is need to learn about how they obtain contracts.

**Poland**

• Data is also limited on vocational training, up skilling and support for developing business skills.

• Similarly, there is little easily accessible on how iPros gain work.

**Spain**

• The education system in Spain appears to offer traditional academic and professional qualifications. It is unclear where vocational skills programmes are available and if there is specific training for business skills. It is likely that liberal professions have schemes that require up-skilling.

• Similarly evidence is limited on how iPros obtain employment. Agencies are not well-established in Spain.

**United Kingdom**

• There are few schemes that provide financial support for iPros. They tend not to qualify unless they have been unemployed and/or intend to set up an SME. It is thought the current government policy is to increase support.

• Entrepreneurism training is not well developed in the UK at either school or post-school level. However, the provision of professional training is extensive and is provided by a combination of public education (universities and colleges), private bodies, independent training organisations and professional bodies.

• CPD requirements for members of liberal professions tend to be high, especially for lawyers, accountants but less so for medical professionals. For recognised awards, training is provided using a qualifications framework, following
the EU model. A very recent report indicates that there has been a recent decline in training activities in the UK and the research did cover iPros. Training in Britain, 2013 Green et al, LLAKES, Institute of Education University, London).

- The cost of training tends to be high in the UK, though on-line and other innovative forms of training have evolved. We are unaware of any specific government policy to provide or encourage training outside the regulated professions.

**National Reports for Chapter 5: Political, economic and cultural factors**

These national reports cover:

- Detailed analysis of GEM data for each state

**Belgium**

- Belgium emerges generally well from data, though there are major differences as between the regions that have strongly different traditions. Its reports for GEM are fairly brief, though Belgium scores well on other data sources for support for the self-employed/entrepreneurs and therefore, hopefully, iPros. This needs to be verified.

- Overall, Belgium scores well on R&D transfer, financial support, government programmes, market openness and support for training. Data suggests that independent working is growing rapidly in Belgium, there is strong though devolved institutional support, though less strong cultural support. Belgium has been slow to transpose EU legislation and policy development and has had some major political problems recently. Despite this, the framework for iPros in Belgium looks generally positive.

**Finland**

- On all international indicators Finland does well, and not just for economic and innovation factors but also well-being and ‘happiness’. Against a backdrop of relatively low numbers in Finland interested in self-employment (24%) but higher percentage considering it ‘feasible’ (37%), iPro working in Finland has benefitted from considerable investment in skills and evidence indicating that self-employment in Finland is opportunity driven rather than necessity driven.

- There is clearly a positive framework in Finland, though numbers are not yet high, despite considerable recent growth. Finland does well on the GEM analysis and especially well on surveys relating to training and development. Unfortunately some research data is only available in Finnish.

**France**

- France’s political, economic and cultural climate is rated less highly than some of our selected states by, for example, OECD, WEF and others. It does perform soundly, rather than being a clear leader. It is consistently in the top 20 for competition, innovation and economic development but is seen as having an over-heavy public sector and not being especially flexible and responsive. Despite this, iPro working has grown strongly in France, though fewer than in most EU states find self-employment attractive and there remains considerable fear of failure.

- The GEM data reveals some positive aspects, such as a growing number of supportive government programmes, (though some are under attack or have been phased out) and measures to deal with regulations that may hinder small business/entrepreneurism growth. There are some concerns about the extent to which iPros are genuinely supported or merely tolerated. There is a strong business infrastructure and R&D dissemination. France does not rate well for education and training, especially for continuing training and entrepreneurism training.
Germany

- On international league tables, Germany does well for competition, though not as well as some Nordic states, such as Switzerland scores well on innovation. Fewer people than the average want to be self-employed in Germany and there is a much higher than average fear of failure. Germany presents something of a paradox. On the one hand, data show a strong institutional framework for entrepreneurism and yet, relatively few Germans express interest in being self-employed/entrepreneurial. Such ways of working, including iPro working, remain below average. The tradition of employee working within strong institutional frameworks remains strong and there is some evidence of suspicion towards iPro working.

- There are many strong entrepreneurial programmes but weak educational and societal support and poor ratings for support for women entrepreneurs. Although there has been significant iPro growth it appears to have occurred against a backdrop of lukewarm (at best) institutional support.

Italy

- The report on Italy is problematic as there is no GEM data and only skeletal data from other sources used in this report. Although we have access to some specialist reports from Italy we have little in terms of overview aside from the Working Conditions Survey and information from GEM on training. Italy reported especially high levels of concern in Eurobarometer 283 for the negative impact of administrative burdens, though we are aware of recent labour market and other reforms.

Netherlands

- The Netherlands rates well on international league tables. For example, it is rated by GEM as 7 out of 142 for Competitiveness and 9 out of 125 for Innovation. A higher percentage than in most states see self-employment as an opportunity (48%) and there is a lower percentage ‘fear of failure’ (37%), suggesting a generally supportive environment for iPro working. As can be seen below, the Netherlands rates well on having a strong professional and commercial infrastructure, and physical infrastructure. Many reforms to its labour and commercial markets have made the Netherlands one of the most flexible places to work and do business in the EU.

Poland

- Poland is our one ‘Efficiency Driven Economy’ for GEM purposes and, of course, has had to make considerable adjustments in its policies and practices in recent years. It remains production rather than service orientated and at present its policies for entrepreneurism remain under-developed. It is thought that the emphasis on production would lead to a lower representation of iPros in its self-employed workforce. However, its markets are open and only lightly regulated following major reforms.

- There are few explicit government policies to support entrepreneurism and educational provision is not strong for entrepreneurism either at school or in higher education. Poland is clearly an evolving economy and it may be relevant that there is little written about self-employment or entrepreneurism in academic and other journals.

Spain

- Spain has been the subject of Special GEM Report for 2012, published in 2013, as well as the Extended Report for 2011. These reports show that the climate for entrepreneurship is not positive, despite the fact that there are good opportunities. Business services are growing, which is good news for iPros. One feature is the declining opportunities for women. There are major issues in education and training. However, Spain is partly decentralised, and some parts of Spain are performing much better, for example, Catalonia, Balearics and Basque Country, with decline in Murcia, Valencia, Navarre and Castile.

United Kingdom

- In the last year, the UK has seen some improvements in its ratings on international league tables, for example, for competitiveness and flexibility. Indeed, it is its famed ‘flexibility’ that the UK is best known for. This translates into relatively low level protections for employees, relatively weak trade unions but very high levels of flexible work patterns, including self-employment and iPro working. Recent policies have been to reduce regulation, though it may
be that these policies have not yet brought about major change. Despite some positive indicators, potential self-employed still report high ‘fear of failure’ rates. The institutional support for entrepreneurship emerges as weak, with few government programmes, weak educational support and poor financial support. Although the openness of the labour and commercial markets is supportive, professional and commercial advice is not rated highly.

• The paradox for the UK, along with some other states, is that the incidence and growth of iPro working is strong in the UK, yet support structures remain weak. Recent government initiatives have given rise to suspicions that iPro working is not welcomed and there have been a number of highly publicised interventions in tax processes.

Annexe 2: Research Team Members

Professor Patricia Leighton
University of South Wales, UK; IPAG Business School, France

Duncan Brown
Survey data expert and writer

Dr Eileen Fry
Fiscal data expert

National Experts

Dr Stéphane Rapelli (France)
Professor Rolf Wank (Germany)
Hanna Kuikka (Finland)
Robbert Brantz (Netherlands)
Professor Dr Daria Golebiowska-Tataj (Poland)
Dr Francisca Maria Ferrando Garcia (Spain)
Dr Martina Vincieri (Italy)
Wim Cassée and Luc Hens (Belgium)

Annexe 3: Information about Interviewees

In the report, each interviewee is identifiable in the text by their reference number which combines their state with their interview status. The iPros are numbered 1-5; non-iPros are numbered 6-10 and the academics are numbered 11-12. Hence a reference in the text to (FR 3) indicates a French iPro; (NL 8) indicates a non-iPro from the Netherlands and (ES 12) indicates a Spanish academic.

Belgium (BE)

1 Experienced Lawyer (F)
2 Journalist, trainer and broadcaster who works through a limited company (M)
3 IT and marketing specialist with very varied experience (M)
4 Researcher, analyst and writer (M)
5 An experienced lawyer, also active in an iPro organisation (M)
6 Experienced journalist and broadcaster, with a focus on careers, especially for young people (M)
7 Executive of a pan-European organisation for lawyers (M)
8 Executive of a Brussels-based think tank (M)
9 Politician concerned with employment matters (M)
10 Experienced commentator and lawyer (F)
11 Academic labour economist (M)
12 Commentator on new ways of working (M)

Finland (FI)
1 Communications expert and professional in health and wellbeing (F)
2 IT Specialist (M)
3 Since 2007 has worked as a journalist in a variety of media (M)
4 Experienced and specialist lawyer, working through a limited company (F)
6 Experienced trade union official with experience of many different union roles (F)
11 Academic in social psychology (F)

France (FR)
1 Specialist engineer and ICT professional working through a limited company (F)
2 Established professional translator (F)
3 Recently qualified lawyer (F)
4 IT and marketing specialist (M)
6 Established management consultant using iPros (M)
7 Experienced and senior member of professional body (M)
8 An executive of an iPro organisation (M)
9 Writer and publisher of journals aimed at iPros (M)
10 Manager of an international development company (F)
11 Professor and expert in training for professionals (M)
12 Commentator and writer from large business organisation on aspects of flexible working (M)

Germany (DE)
1 Translator with other iPro professional activities (F)
2 Experienced journalist (M)
3 ICT specialist with an international client base (F)
4 Journalist, trainer and policy developer (M)
5 ICT specialist but with other iPro roles (F)
6 Very experienced mentor and supplier of iPros to other companies (M)
7 Communications expert who also manages co-working spaces (F)
8 Trade unionist with an interest in self-employment (F)
9 Communications expert, journalist and promoter of co-working (M)
10 Researcher in co-operative/co-working movements (F)
11 Professor of labour law (M)
12 Professor of economic development (M)

Italy (IT)
1 Experienced writer and translator in specialist area of law and finance (M)
2 Newly qualified lawyer (F)
3 Experienced writer for the media but especially film (M)
4 Lawyer for 15 years (F)
5 Experienced ICT specialist (M)
8 Executive of major professional body (M)
9 Trade union official (M)
10 Experienced government official with expertise in economic development, especially SMEs and self-employment (M)
11 Leading academic on self-employment and labour market changes generally (M)
12 Researcher and writer on employment law (F)
Netherlands (NL)

1 Established IT contractor (M)
2 Specialist translator (M)
3 ICT specialist (M)
6 Senior government official with key policy role (M)
7 Government official for fiscal matters (M)
8 Representative of professional body (M)
9 Member of research body on freelancing (M)
10 Trade union representative (M)
11 Senior academic specialising in organisational change (M)
12 Academic specialist in fiscal matters (M)

Poland (PL)

1 Long established specialist lawyer working internationally (M)
2 Experienced translator (F)
3 Experienced conference translator (F)
11 Commentator and writer on iPro working (F)
12 Academic expert on business change (F)

Spain (ES)

1 Experienced communications and marketing specialist working internationally (M)
2 Experienced lawyer (M)
3 Experienced lawyer (F)
4 Financial writer and advisor (F)
6 Senior Executive iPro organisation (M)
8 President of an association for the self-employed (M)
12 Academic expert in labour law and social security (F)

United Kingdom (UK)

1 Experienced lawyer, trainer and writer (M)
2 Specialist writer fairly new to iPro working (M)
3 Experienced management writer and journalist (M)
4 Experienced IT specialist, originally from outside the EU (F)
5 IT specialist who works internationally (M)
6 Senior trade union official (F)
7 Co-owner of innovative law firm using iPros (F)
8 Head of an umbrella company (M)
9 Senior policy advisor, leading iPro professional body (M)
10 Co-ordinator of website for iPros (M)
11 Leading academic on flexible working (F)
12 Senior academic on HRM (M)

Annexe 4: Pre-Interview Data Sheet

Please provide the following information relating to your own circumstances prior to the interview (your responses will be treated anonymously).

1. Introduction

1 (a) Your name
1 (b) The name of your business
1 (c) Your EU country of residence
2. About your career

2 (a) What academic qualifications do you have? Please provide dates.

2 (b) What professional qualifications awarded by a regulated or accredited body/institution do you have?

2 (c) Do you have any professional titles or awards from a non-regulated or accredited body/institution, such as through membership, compliance with codes of practice or other procedures?

2 (d) Have you undertaken any professional skills development in the last five years? Please provide details, including whether it was required by your relevant professional body.

2 (e) Have you worked previously as an employee? Please provide details of your employers and your professional role(s).

3. Your work

3 (a) Please describe the area(s) of expertise in which you are currently engaged as an iPro (i.e. for the business named at 1(b) above).

3 (b) Is this on a full-time or part-time basis?

3 (c) Other than your work as an iPro do you undertake any other paid work?

3 (d) Other than your paid work as an iPro do you undertake any unpaid/charitable work either using your expertise or otherwise?

3 (e) Please give an indication of the number of clients you are currently working for. How many did you work for in the past year?

3 (f) Is there a typical duration/length of contract for you?

3 (g) Please indicate whether your annual income from iPro working is:

- < 20k Euros
- 20-50k Euros
- 50-85k Euros
- > 85k Euros

Annexe 5: Interview Schedules

Interview schedule for iPros.

1. Starting to work as an iPro

1.1 What were the major factors affecting your decision to become an iPro?

1.2 How do you self-define? (Prompt: a freelancer, small business, member of a liberal profession, entrepreneur, iPro etc.)

1.3 When did you start working as an iPro? Have you been working continuously as an iPro since you first started?

1.4 Where is your business registered? Do you work in other EU states and/or non-EU states? (Prompt: which, for how long etc.)

1.5 What type of business structure/type do you work through and why? (Prompt: a limited company, co-operative, etc? Why did you choose that structure?)

1.6 Did you receive any financial or other support and advice when you set up as an iPro? (Prompt: a bank loan, direct public funding, training, advice from professional or trade bodies). If so, what were the sources of finance and other support? Were they of help to you?
1.7 What administrative and other procedures did you have to go through to begin work as an iPro? Were they relatively easy and quick to comply with?

1.8 Did you feel you were well treated?

1.9 If you have worked or wanted to work outside your own EU state but in another EU state, did you have to comply with regulations from that state and/or a profession to begin work? If so, please describe the requirements and your experience of dealing with them.

1.10 Overall, how would you describe your experience of starting to work as an iPro?
Positive / Negative / Neutral

1.11 Which sources of advice were the most helpful for you?

1.12 Do you have any suggestions for how the process of starting work as an iPro could be improved?

2. Day-to-day working

2.1 How do you obtain work? Please describe the methods you use and assess their effectiveness for you. Do you ever use employment agencies to find work?

2.2 What types of clients do you typically work for? (Prompt: large firms, public sector, individuals etc.) Do you have regular clients? If so, how many? Have there been any changes in your client base in recent years? Are you anticipating any changes now?

2.3 How many hours do you typically work as an iPro each day/week?

2.4 In the last year have there been times when you have had no work as an iPro? If yes, were you able to claim social security benefits? Did you?

2.5 Can you describe what taxation you are liable for? What level is the taxation set at? Do you consider it is too high? What has been your experience of dealing with taxation authorities?

2.6 What social security contributions are you liable for? What entitlements do you have? What has been your experience of dealing with social security authorities?

2.7 What other regulations are you covered by, including by your relevant professional body? (Prompt: this might include H&S, planning, pricing, advertising, and competing with fellow professionals. What work activities are difficult/impossible to do? Do you consider any of the regulations/limitations excessive?)

2.8 Are you subject to ‘soft’ regulation, such as Codes of Practice/Conduct? If so, please give examples.

2.9 Overall, do you consider that the regulations you are subject to are:
Positive / Negative / Neutral
Why?

3. Your career

3.1 Do you feel confident about your skills to (a) deliver your professional services (b) run a micro business?

3.2 Does your profession require you to undergo continuing professional development/training? If so, what?

3.2 Have you received training in the last year in the skills for your profession? Who provided the training and did you have to pay for it? Was it useful? How might it have been improved?

3.3 Do you consider you have professional training needs that are hard to get support for?

3.4 Do you feel you having training and support needs for running your business? What are they and are they hard to obtain? If you have received training for running a business, was it helpful?
4. Your networks and associations

4.1 Do you belong to any professional associations/organisations? Please name them and indicate whether you are required to be a member of a particular organisation. If it is not compulsory, why have you joined specific associations/organisations? Are you an ‘active member’? Do you feel there are any ‘gaps’ in professional association provision?

4.2 Which associations/organisations are helpful for the development or maintenance of your professional skills and which are important for your work generally as an iPro?

4.3 What support do the associations/organisations you belong to provide that is relevant for your work as an iPro (as opposed to as an employee)?

4.4 What do you consider to be the most positive aspects of your membership of associations/organisations?

4.5 What improvements do you think could be made to the ways in which iPros are supported and their voices are heard?

4.6 Generally, do you think politicians, policy makers and others in the labour and commercial markets are supportive of iPros? If not, indicate ways in which you think they are more negative and why?

Interview schedule for non-iPros

1. Which of the following descriptions most closely fits your own role?
   (a) Administrator/official
   (b) Representative/senior member of a professional body (please specify: ________________)
   (c) Politician (where, for what Party?)
   (d) Policy maker (where?)
   (e) Journalist/writer
   (f) Management or other consultant
   (g) Trade unionist
   (h) Other- please specify ________________________________

2. How long have you been performing this role? Could you briefly describe your role in regards iPro/freelance working?

3. Have you ever, in the past, been an iPro/freelancer yourself?

4. What would you say are the main issues (or problems) in the performance of this role with iPros/freelancers? (prompt: defining the genuine iPro; knowing whether they are part of the labour market or commercial market; not knowing enough about them; finding out what they want)

5. What would you say are the positive aspects of dealing with iPros/freelancers? What do you think they contribute? What benefits do they bring?

6. Overall, do you see iPro/freelance working as a positive or negative aspect of your national and local economy?

7. What do think are the key current issues facing iPro/freelance working?

8. Do you anticipate any legislative, policy or other changes affecting the way that iPros/freelancers work in the near future?

9. How would you say iPros are viewed by your colleagues/associates/people you work with? Why?

10. If you broadly see iPro/freelance working in a positive way, what developments would you see as being required to improve their effectiveness? (Prompt: de-regulation of liberal professions, fairer tax laws, better training opportunities, toughening of EU legislation for rights of establishment, Services Directive etc. It could also include cultural and attitudinal changes)
Interview schedule for academics

1. Can you tell me a little about your academic specialism and about your academic roles over recent years?

2. In what way does your specialism relate to iPro/freelance working? Have you researched or published on the topic?

3. Where do you, conceptually, locate iPros within academic study and literature?

4. Do you think that iPros have any academic parallels? (Prompt: difficult to define topic; have little research on them; subject to ambiguities etc)

5. Why do you think that they have been relatively neglected by academics and in literature?

6. What do you think are the main academic issues that they generate, if any? (Prompt: challenges for HRM/fragmentation of labour markets and employment/challenges for trade unions/employee relations etc.)

7. What do you think are the main regulatory and policy issues that they generate? (Prompt: social welfare/pensions, freedom of movement; professional credibility/integrity; ‘sham’ arrangements; challenges to notions of community and the social model; stability etc.)

8. Why do you think politicians and policy makers appear also to have neglected them?

9. What do you see as the main (a) opportunities and (b) challenges for iPro working?

10. Where do you think iPro working will be in 5 years and then 10 years time?
1. Public sources


Eurostat to First Quarter 2013

Eurostat Annual National Accounts (with OECD and following ESA 95)

EC Employment in Europe 2010-12

EC/EU Labour Force Surveys (Quarterly)

EC (2011) Employment and Social Developments in Europe

EC EU Employment Situation and Social Outlook (Monthly Monitor)


EC (2010) Entrepreneurship in the EU and Beyond. Flash Eurobarometer No 283

EC (2012) Entrepreneurship in the EU and Beyond. Flash Eurobarometer No 354

EC (2012) Supporting Entrepreneurs and the Self-employed


EIRO (2010) Self-employed Workers: Industrial Relations and Working Conditions. European Industrial Relations Observatory

EIRO (2011) SMEs in the Crisis: Employment, Industrial Relations and Local Partnerships. European Industrial Relations Observatory.

EIRO (2012) Public Measures to Support Self-employment and Job Creation in One Person and Micro-Enterprises. European Industrial Relations Observatory

European Foundation (2011) 5th EU Working Conditions Survey 2010


European Foundation Monthly Jobs Vacancy Monitor

EU-OSHA (2010) A Review of methods used across the EU to Estimate Work-related Accidents and Illness Among the Self-employed

EU-OSHA Pan-European Opinion on Occupational Safety and Health

EU-CEDEFOP Data in Research Arena. CEDRA

EU-CEDEFOP Quality in Vocational Education and Training. Regular Reports


EU- CEDEFOP (2012) Assuring the Quality of VET Qualifications: The Contribution of EU Tools
OECD (2009-2013) Employment Outlook Annual Surveys
OECD (2010) SMEs, Entrepreneurship and Innovation
IMD (annual) The Competitiveness Index IMD Business School
GEM (2011) National Reports
GEM (2013) Generation E: The State of Global Youth Entrepreneurship
ILO Global Employment Trends (Annual)
ILO Dialogue Database. Labour Law Comparisons
ILO Inform Database. National Labour Force Studies
ILO (2011) Self-employment (The Casale Report)
ILO R 198. The Recommendation on the Employment Relationship
World Bank. Ease of Doing Business Index (Annual Surveys)

Books and research reports

CER (2010) The Lisbon Scorecard X: The Road to 2020 Centre for European Reform


Napoli, M (2004) Il contratto di Livoro

Kitching, J and Smallbone, D (2011) Exploring the UK Freelance Workforce. PCG


**Illustrative Articles**


About EFIP

Founded in 2010, the European Forum of Independent Professionals (EFIP) is a collaboration of national associations which represent independent professionals at EU level through targeted research and advocacy. EFIP is a not-for-profit organisation that is not affiliated to any political party. Our mission is to promote the value of independents to the European and national economies and to ensure that independent working is respected as a legitimate alternative to employment.

Contact EFIP

W: www.efip.org.uk
E: efip@pcg.org.uk

About PCG

PCG, the voice of freelancing, is the cross sector association for freelancers, contractors and consultants in the UK, providing its members with knowledge, representation, community and insurance. With around 21,000 members, PCG is the largest association of independent professionals in the EU. It is PCG’s fundamental belief that flexibility in the labour market is the key to ensuring Britain’s future economic success.

Contact PCG

Heron House
10 Dean Farrar Street
London
SW1H 0DX
T: +44 (0)208 897 9970
W: www.pcg.org.uk