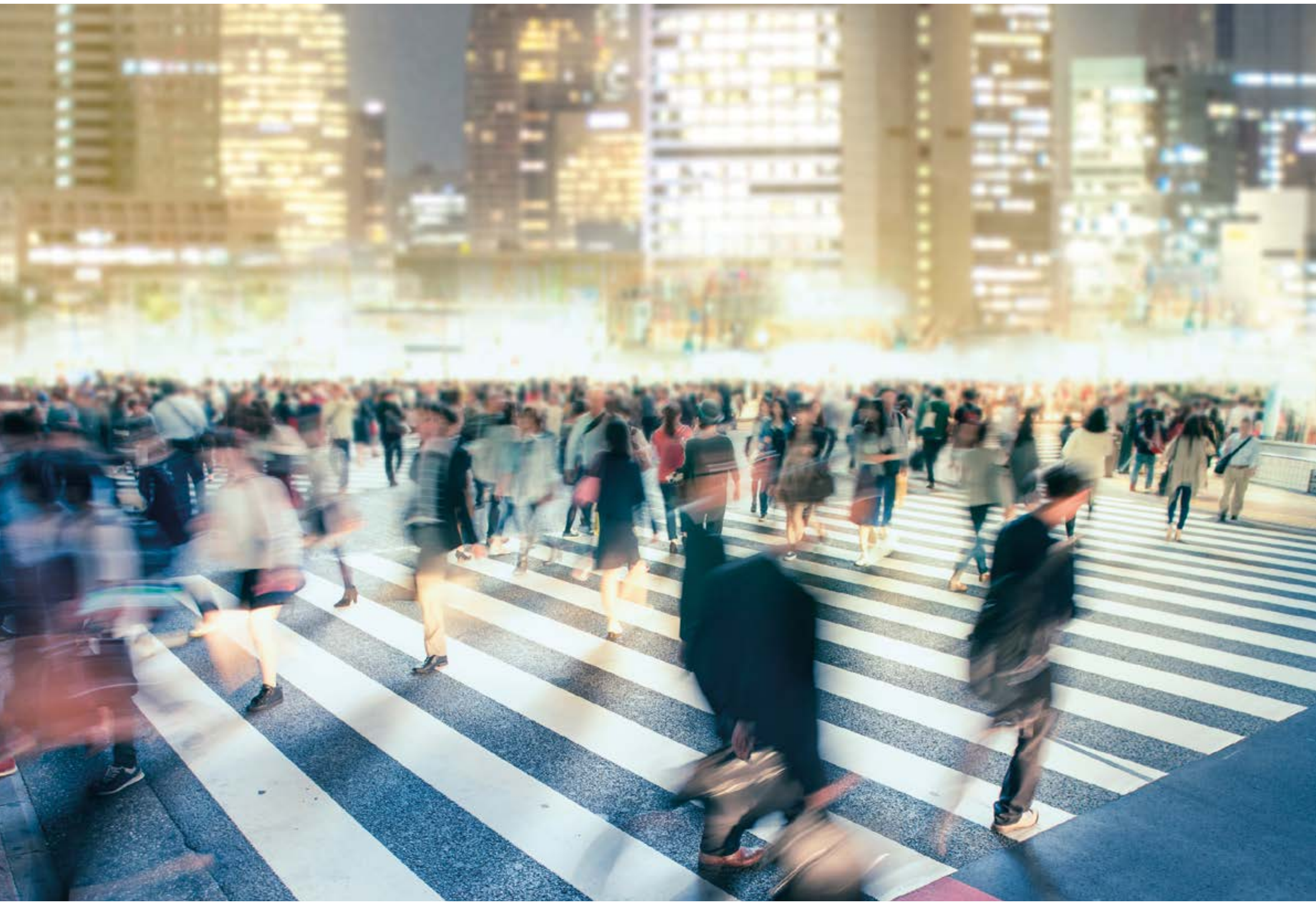
ipse The Association of Independent Professionals and the Self Employed



# Understanding Independent Professionals in the EU, 2015

## Report

**Lorence Nye with Kayte Jenkins**

**June 2016**

# Contents

# Executive Summary

# Total number of independent professionals

In the first quarter of 2015 independent professionals totalled 9,562,800 in the EU-28. This is 29% of all self-employed people, and 4% of the entire EU-28 workforce.

# Growth

The total number of independent professionals in the EU-28 has risen markedly by 99% since the start of the millennium. This compares to an almost flat trend in the broader workforce. It is clear that more workers are being drawn to working independently in professional roles than working in any other way.

# Country distribution

Independent professionals tend to be concentrated in a number of large countries with large services sectors. The United Kingdom, Italy and Germany make the largest contribution to the overall population of EU-28 independent professionals, and together account for more than half the entire independent professional population (within the EU-28).

# Main sectors of activity

By far the largest proportion of independent professionals work in the professional, scientific and technical activities sub-sector, making up 30% of all independent professionals in the EU-28. Second to that, albeit contributing a much smaller percentage, is the human health and social care sector, which accounts for 15% of all independent professionals in the EU-28.

# Skill level and education

Independent professionals tend to have the highest level of training (e.g. higher education qualification or equivalent) when compared to other parts of the labour market; 57% of them fall into the highest skill level category. The roles they work in require a high skill level and it appears as though people are likely to work independently after acquiring some years of experience in the workforce.

# Gender distribution

Within the EU-28 independent professional population, 53% are male and 47% are female. There was a larger increase in the number of female independent professionals than males between quarter one of 2008 and quarter one of 2015 – 29% and 20% respectively.

There is a high proportion of females working in the human health and social work (70%) and education (56%) sectors. The information and communication and financial and insurance activities sectors are heavily male dominated – men accounting for 80% and 70% of these groups respectively.

# Age

The majority (60%) of EU-28 independent professionals fall into the 25-49 age group. The second largest segment is those aged 50-64 (30%). Independent professionals tend to be older than those in the broader EU-28 workforce. This remains true when they are compared to others that work in equivalent services sector roles as employees, suggesting that working independently becomes increasingly attractive with age and experience.

# Conclusions

Independent professionals appear to be leading a number of trends in the EU-28 workforce. The EU-28 workforce has seen a significant increase in older, female and skilled workers among the services sectors in recent years. The growth in these types of workers has been greater among the services sector's self-employed than they have within any other labour market group. We can therefore expect the independent professional population in the EU to continue to grow.

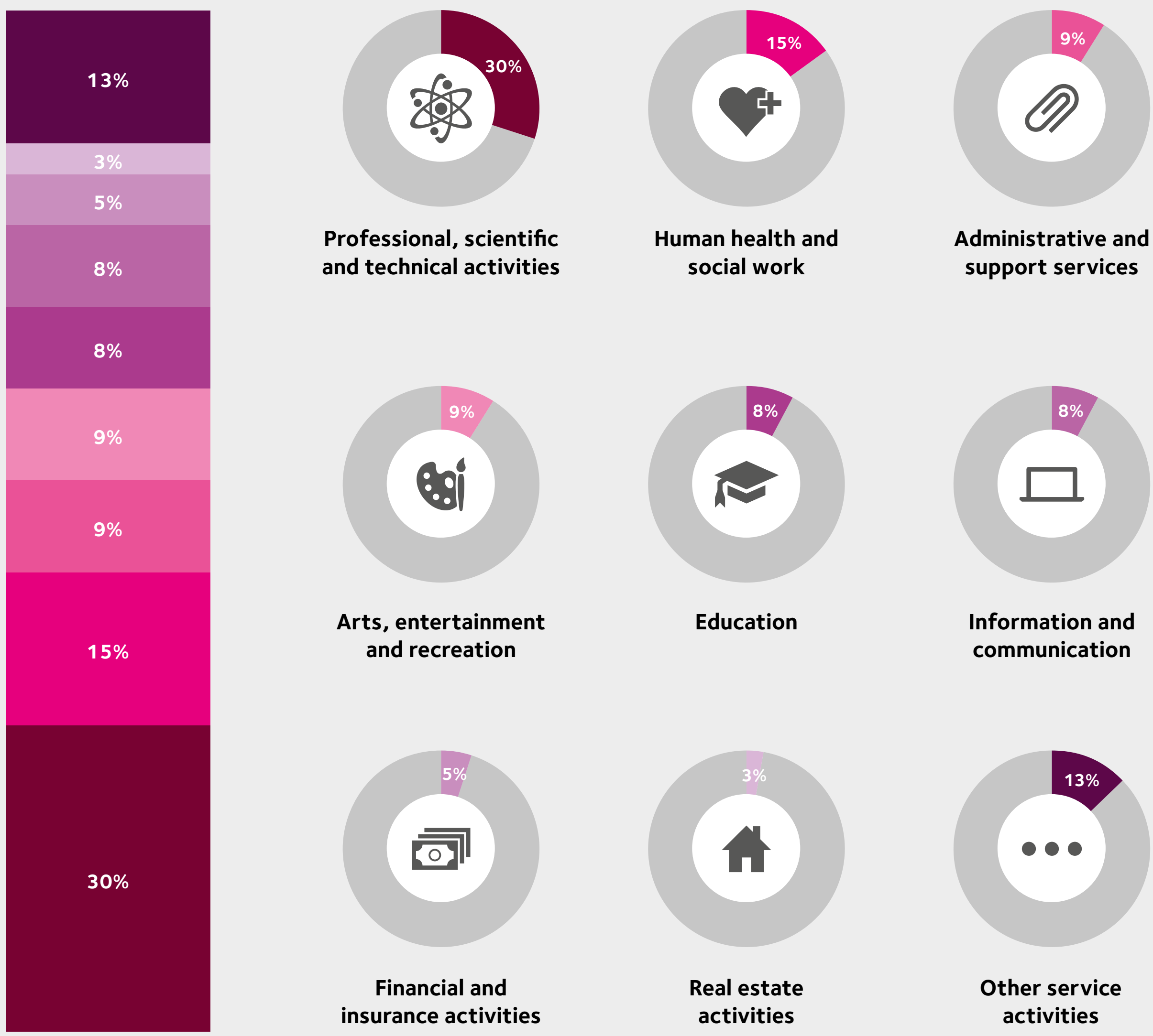
# Independent Professionals in the EU-28 at a Glance

**9.6m** independent professionals in the EU28 (Q1 2015)

**29%** of all self-employed people

**4%** of the EU-28 workforce

## Sector distribution



## 57%

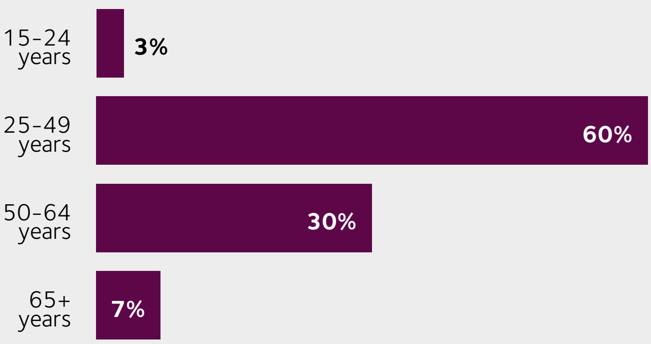
**of independent professionals are highly skilled**

## Growth

The number of independent professionals rose by **24%** (1.9m people) between Q1 2008 - Q1 2015

## Age distribution of freelancers

The largest proportion of freelancers are **aged 25-49 (60%)**

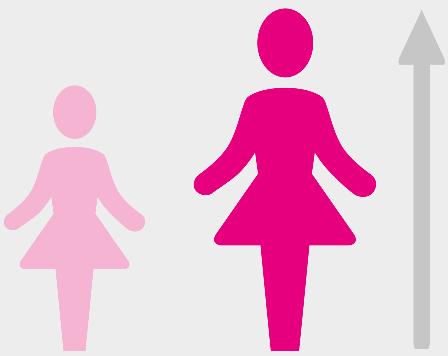



**The UK, Italy and Germany account for more than half of the entire independent professional population within the EU-28**

## Gender split

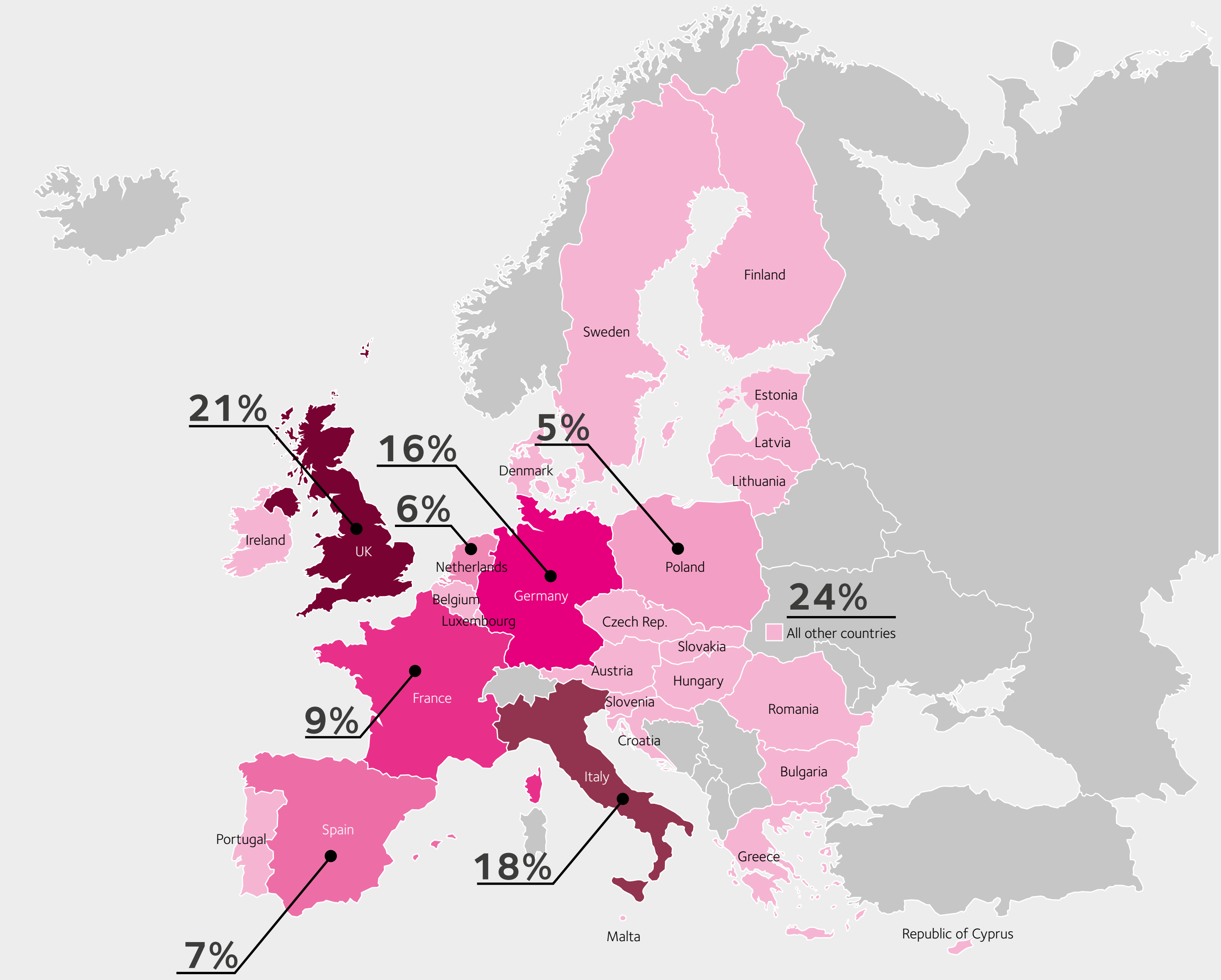
**47%** Female

**53%** Male



**29% increase** in the number of female independent professionals between Q1 2008 and Q1 2015

## Geographic distribution



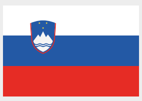

*Percentages do not sum to 100 due to rounding*

## Growth within countries between Q1 2008 and Q1 2015

**Substantial** growth from a low baseline:

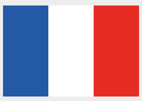

Latvia **192%**


Romania **139%**


Slovenia **124%**

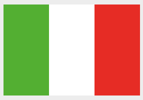
**Considerable** growth from an already significant independent professional population:


UK **49%**


France **70%**


Netherlands **52%**

**Modest** increase from countries contributing a large amount to the total independent professional population:


Italy **1%**


Germany **3%**

# Introduction

IIndependent professionals make up a large part of the self-employed workforce and are increasing rapidly in numbers across the 28 European Union member countries (EU-28). Their increasing size has resulted in this demographic drawing more attention and leading the structural changes that are occurring in the labour force. Generally the EU's labour market is older, has a greater proportion of females, adopts more flexible work practices and is better skilled than it was a decade ago. For independent professionals, these shifts have been more pronounced than any other labour market division. While it is difficult to draw firm conclusions on causation, it is clear that the independent professional population will continue to increase in size as the structural, long-term trends that underpin its growth remains.

This report serves as an update to the 2012 report, European I-Pros: A Study, by Stéphane Rapelli, as well as presenting a comparative analysis of the trends seen in the broader labour market, and where independent professionals fit within it.

The first section of this report provides an overview of the current independent professional population within the EU-28. Firstly, it outlines which countries independent professionals are concentrated in and why. It then analyses the demography of the independent professional population relative to the equivalent employee population within services sectors in terms of age, gender and skill level.

Since 2008, the number of people working in the EU-28 has declined, however in the same period self-employment has experienced growth. A broader assessment of the EU-28 workforce data shows that this has almost wholly been driven by independent professionals, as some other forms of self-employment (e.g. farmers, craftsmen and merchants) have experienced a decline in growth. To that end, the second section of the report explores the trends and drivers of independent professional growth within the EU-28 by the measures of:

**Growth within countries**

**Growth within sectors**

**Age**
(independent professionals and general employment change)

**Gender**
(independent professionals and general employment change)

**Skill level**
(independent professionals and general employment change)

**Working time**

There is not much evidence to support any theory that the independent professional growth is cyclical, particularly because other forms of self-employment are declining. Independent professionals have experienced growth because of two long term structural shifts:

- Cultural changes: Individuals' desire for greater flexibility and autonomy in their working practices
- Demographic changes: More people working past retirement age, a greater proportion of economically active females and a better educated workforce.

It will be shown that independent professionals appear to be leading a number of trends in the EU-28 workforce. Older, female, skilled and flexible workers have seen significant increases in their numbers in recent years, and they are prevalent among professionals in services sectors. In addition the growth in these types of workers has been greater among the services sector self-employed than they have within any other labour market group. We can therefore expect the independent professional population in the EU-28 to continue to grow, with few signs of slowing.

# Definition of independent professionals

There is currently no fixed, universal definition of an 'independent professional'. Firstly, the term 'independent' in this context means that the individual is self-employed, not an employer of anyone else and that they work alone. Independent professionals fall into the category of the workforce that is self-employed without employees (SEWE).

The second term 'professional' has proved harder to define. Of those who have explored the definition, some characterise independent professionals by their occupation, such as Professor John Kitching (Kitching & Smallbone, 2012). By contrast, Stéphane Rapelli (2012) refers to the sectors that the worker operates in as a way of distinguishing them as independent professionals. In the context of this report, independent professionals are defined as people working for themselves without employees in the following services sectors:

**Information and communication**
(e.g. programming and publishing)

**Financial and insurance activities**
(e.g. fund and risk management)

**Real estate activities**
(e.g. real estate agents)

**Professional, scientific and technical activities**
(e.g. lawyers, accountants and engineers)

**Administrative and support services**
(e.g. office administrative and business support)

**Education**
(e.g. teaching)

**Human health and social work**
(e.g. doctors and nurses)

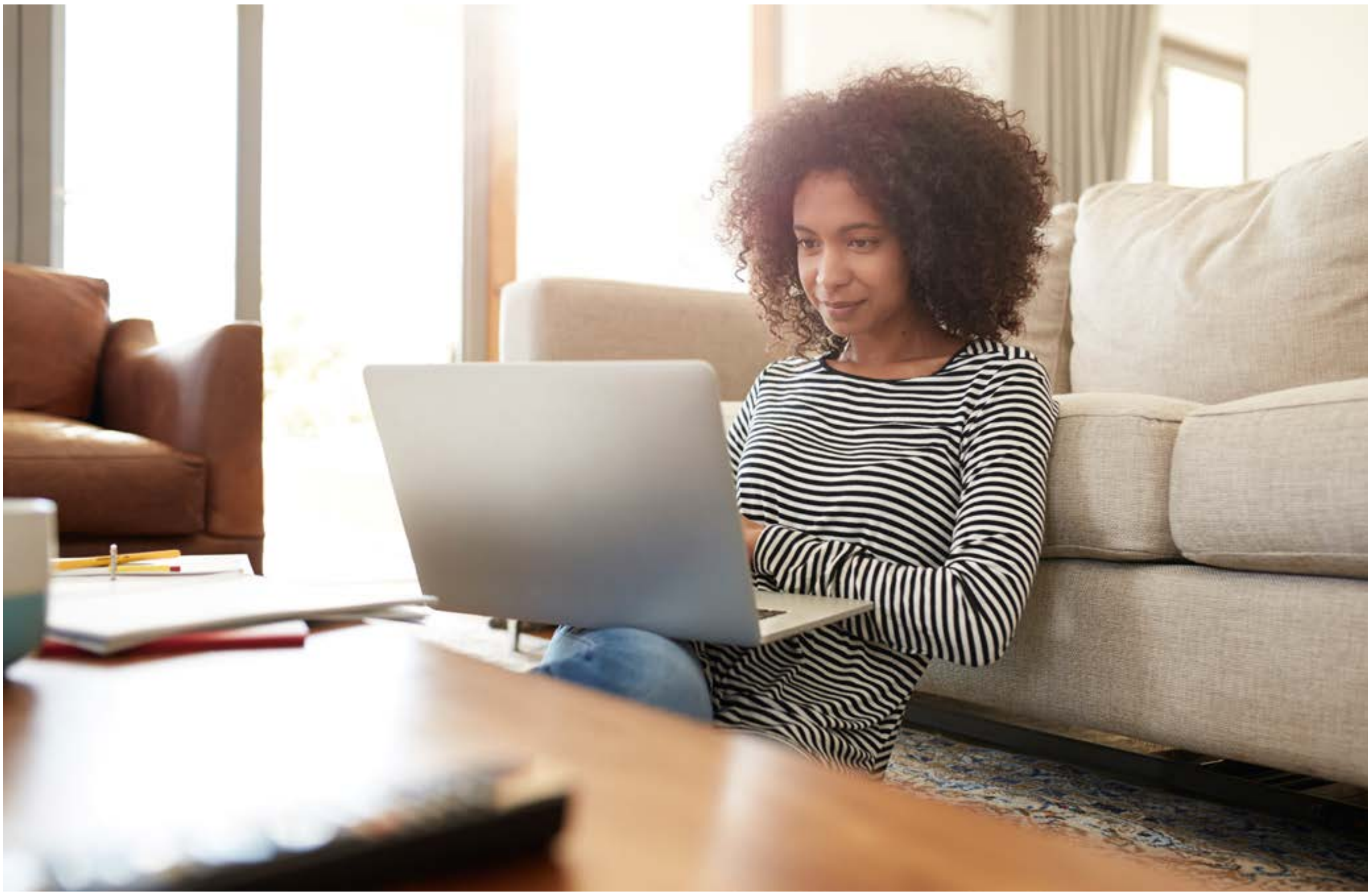
**Arts, entertainment and recreation**
(e.g. performing arts and sport)

**Other service activities**
(e.g. trade union operations, hair and beauty operations)

Drawing on the characterisation of independent professionals as described by Rapelli in his 2012 report, independent professionals are defined as:

> *"Independent workers without employees engaging in a service activity and/or intellectual service not in the farming craft or retail sectors."*

Defining independent professionals by sector in one sense makes the definition broader, as only workers of a certain skill level would be considered by Kitching, while Rapelli does not exclude professionals on this basis. This is borne out in the statistics, with Rapelli's definition tending to register a slightly higher total number for UK based independent professionals than Kitching's reporting. However, it could be argued that Rapelli's definition has a tighter constraint on who is included as it ensures only those engaged in service activities are considered. The results, however, are broadly similar as there is of course a great degree of overlap between the industrial and occupational means of segmenting the workforce.



# Methodology

## Data collection

In order to ensure maximum statistical consistency with the 2012 report, the data used has been extracted by Economist, Stéphane Rapelli from Eurostat data (2015a, 2015b, 2015c). The data was extracted by the measures of:

1. Selection by the status: only the self-employed

2. Selection by the enterprise's side: only own-account workers (that is not an employer)

3. Selection by the activity sector (following the NACE key – general name for economic activities in the EU)

- Information and communication (Nace key J)
- Financial and insurance activities (Nace key K)
- Real estate activities (Nace key L)
- Professional, scientific and technical activites (Nace key M)
- Administrative and support services (Nace key N)
- Education (Nace key P)
- Human health and social work (Nace key Q)
- Arts, entertainment and recreation (Nace key R)
- Other service activities (Nace key S)

These selection criteria can be used in any European database on labour markets.

## Data analysis

The EU-28 workforce has been analysed in a number of ways in this report. Firstly, there has been a need to look at a variety of time periods. In this report data goes back as far as the year 2000, but in many cases 2008 is used as a base and on one occasion 2004 is used in order to highlight a full decade of progress.

Many of Eurostat's recently revised and more comprehensive data sets start from 2008 and for this reason, it has been used as a starting point for much of the analysis. Coincidentally 2008 is a particularly useful marker as it is the year before the economic recession took hold in the EU-28, and highlights a period of time where even greater divergence in working trends was apparent amid the upheaval caused by the recession.

For the analysis, the latest available data (quarter one 2015, extracted in July 2015) has been used. Where data for quarter one 2015 is not available, quarter four data has been used.

In terms of the age range of the workers analysed, it is often the case that only working age people, between 15 and 64, are analysed. In this report the workforce has been analysed to include all those above the age of 15 in order to gain a full picture and to ensure totals remain consistent.

Finally, there is a slight difference in time periods in which data sets were extracted from Eurostat, meaning that data which has been analysed comparatively may have slight variances due to revisions. Most of the data regarding independent professionals was extracted by Stéphane Rapelli in July 2015, whereas the EU-28 workforce data was extracted by IPSE Economist, Lorence Nye, in February 2016, which means that the latest revision of the data (published in February 2016) has been used for these charts.

# Overview of independent professionals

# Current overview of independent professionals

This section provides an overview of the overall independent professional population in the EU-28. It will reveal what proportion of all EU-28 workers are self-employed and the proportion of those which are independent professionals. This section will also highlight in which countries independent professionals are more prevalent before drilling down into the demographic make-up by age, gender and skills, whilst using data on comparable services sector employees to provide a perspective about what can be regarded as norms for each of these variables.

In the fourth quarter of 2014 there was a total of 9,425,600 independent professionals in the EU-28 (there were 9,562,800 in quarter one of 2015) (Eurostat, 2015a). Independent professionals make up 4% of the EU-28 working population and 29% of all self-employed people in the EU.

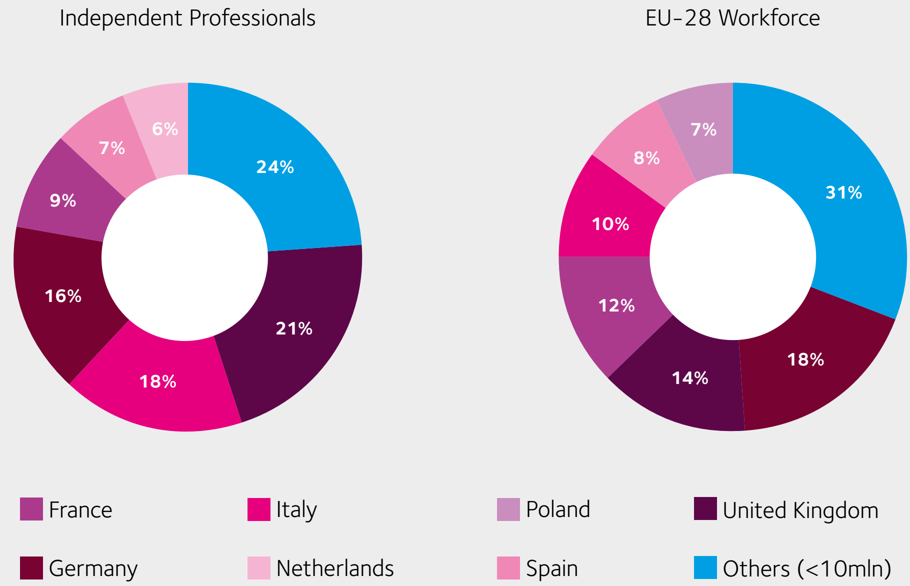
**Figure 1: From the European working population to Independent Professionals (2014, thousands)**


Individuals aged 15 and over
Source: Based on Eurostat data (2015a)

## Country distribution

There is a substantial variation in the number of independent professionals in each country with only a few of the 28 countries contributing the lion's share of all independent professionals in the EU. More than half of the EU-28's independent professionals are concentrated in just three countries: the United Kingdom (UK), Italy and Germany (Figure 2). The UK has a total of 1,965,300 independent professionals, which makes up 21% of the total EU-28 independent professionals. Italy has the second highest number of independent professionals at 1,654,400, which accounts for 18% of the EU-28 total, and Germany is home to 1,467,700 independent professionals; 16% of all independent professionals in the EU-28. Following these three countries is France, with a notably lower number of independent professionals at 833,200 (9%).

**Figure 2: Distribution of EU-28 workforce and independent professionals by country**

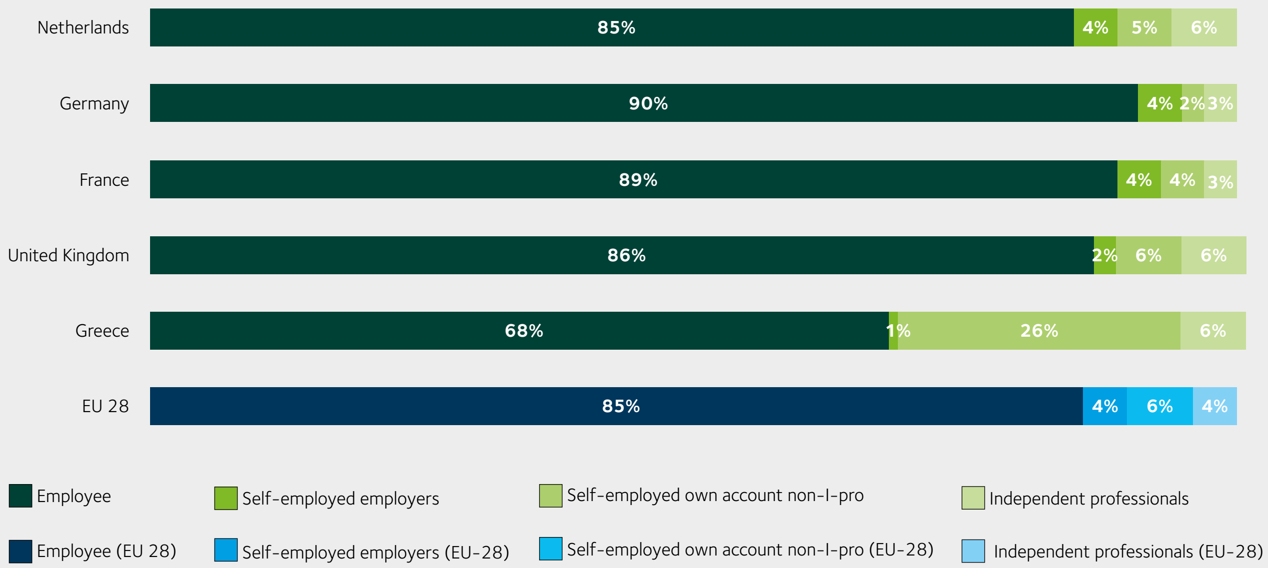



Sources: Based on Eurostat data (2016a, 2015a)

# Proportion of independent professionals within EU-28 workforce

The contribution that each country makes to the overall EU-28 independent professional population is driven by two components. The size of each country's workforce and the size of the professional industries are strongly correlated to the overall number of independent professionals in each country. However, it does not appear as though the number of independent professionals correlates strongly with the proportion of the workforce that is self-employed. In some countries, the UK and Netherlands for example, there is a strong relationship.  There are opposing examples, such as Greece, where the self-employed make up a significant contribution (32%) to the overall workforce, yet independent professionals contribute just 6% (Figure 3).

**Figure 3: Independent professionals as a proportion of EU-28 workforce**



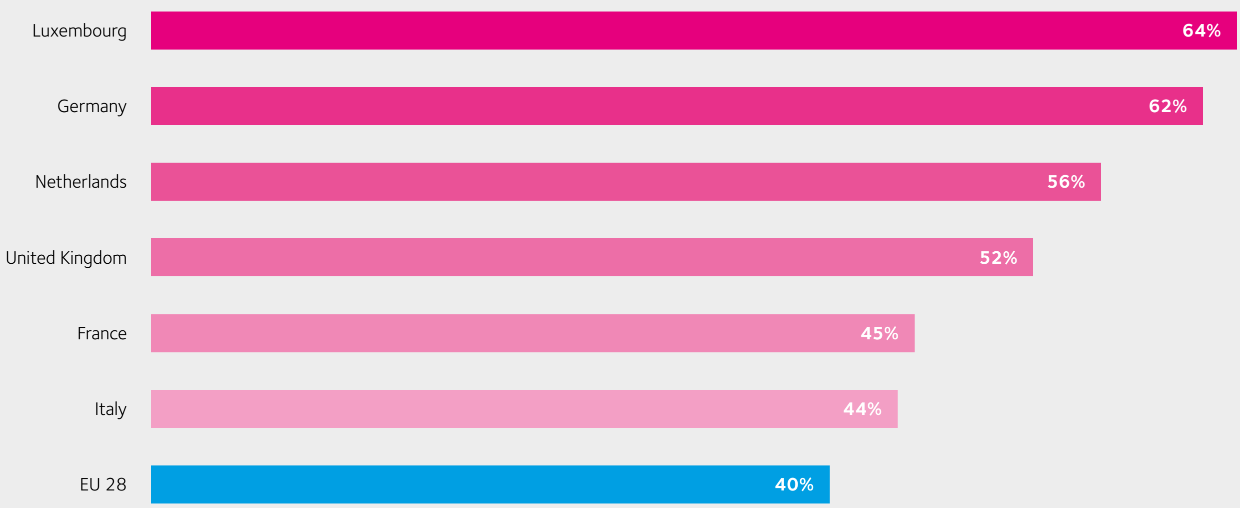

Source: Based on Eurostat data (2015b)

# Proportion of independent professionals within self-employed workforce

Luxembourg (64%), Germany (62%) and Netherlands (56%) are the three countries that have the highest proportion of independent professionals in their total self-employed population (Figure 4). Croatia (14%), Lithuania (14%) and Romania (3%) have the lowest proportion of self-employed people that are independent professionals.

Unsurprisingly the countries that have large services sectors, such as Luxembourg and the UK, have the highest amount of independent professionals as a proportion of the total self-employed population. According to the CIA World Factbook, the services sector makes up more than three quarters of the Gross Domestic Product output in all of the seven countries where independent professionals make up more than half the self-employed population (CIA, 2015).  The other three countries not shown in Figure 4 are Belgium, Sweden and Denmark.

**Figure 4: Proportion of independent professionals within self-employed workforce by country**



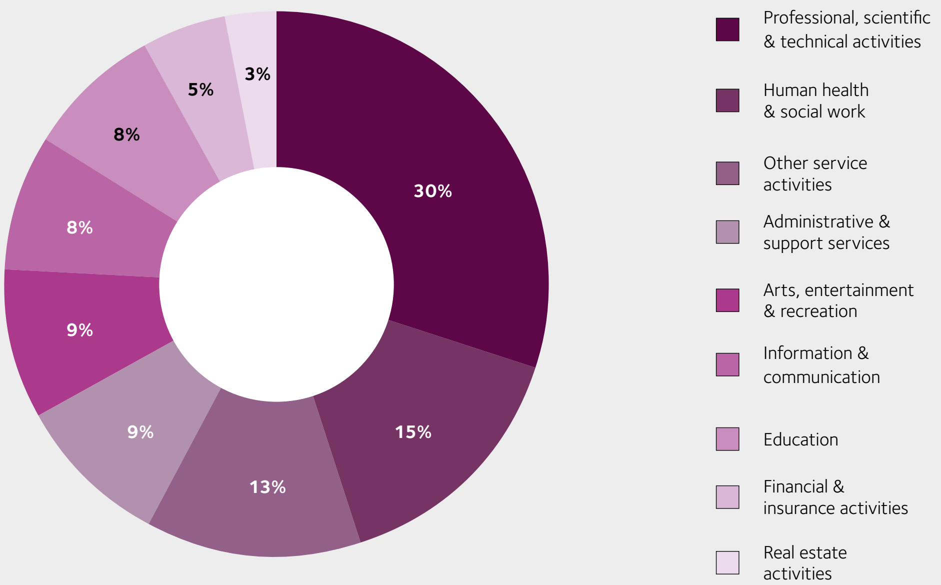

Sources: Based on Eurostat data (2015a, 2016a)

## Sector distribution

Independent professionals working in the professional, scientific and technical activities sector contribute, by far, the greatest proportion to the overall total, at 30%. The human health and social work sector is the second largest contributor, but has only half the number of independent professionals (Figure 5).

Throughout all EU-28 countries, the majority of independent professionals can be found in the professional, scientific and technical activities sector. There is a great deal of variation when the other sectors are considered.

**Figure 5: Sector distribution of independent professionals in EU-28**




Source: Based on Eurostat data (2015a)

# Sector distribution by country

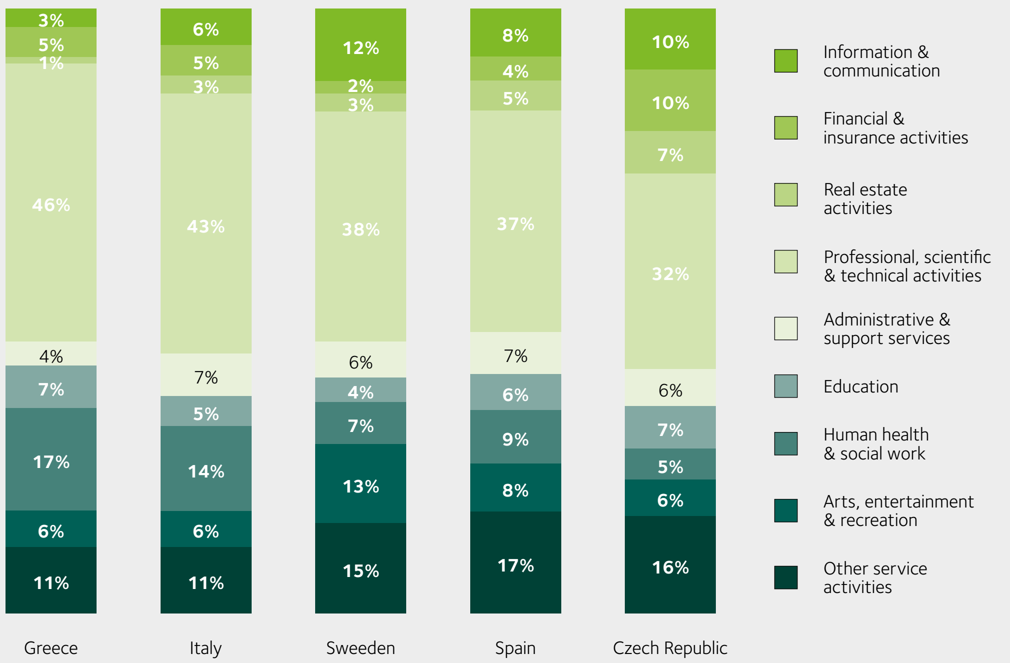
When examining the data, Rapelli splits the EU-28 into three categories:

- **Professional polarised:** Distribution of independent professionals concentrated in one sector
- **Bipolarised:** Distribution of independent professionals concentrated in two main sectors
- **Non-specialised:** Distribution of independent professionals broadly spread across sectors

## Professional polarised

In professional polarised countries, the largest contribution comes from the professional, scientific and technical activities sector, but with little presence of independent professionals in other sectors. Examples of these countries are Greece, Italy and Sweden (Figure 6).

**Figure 6: Professional polarised sector distribution of independent professionalst**



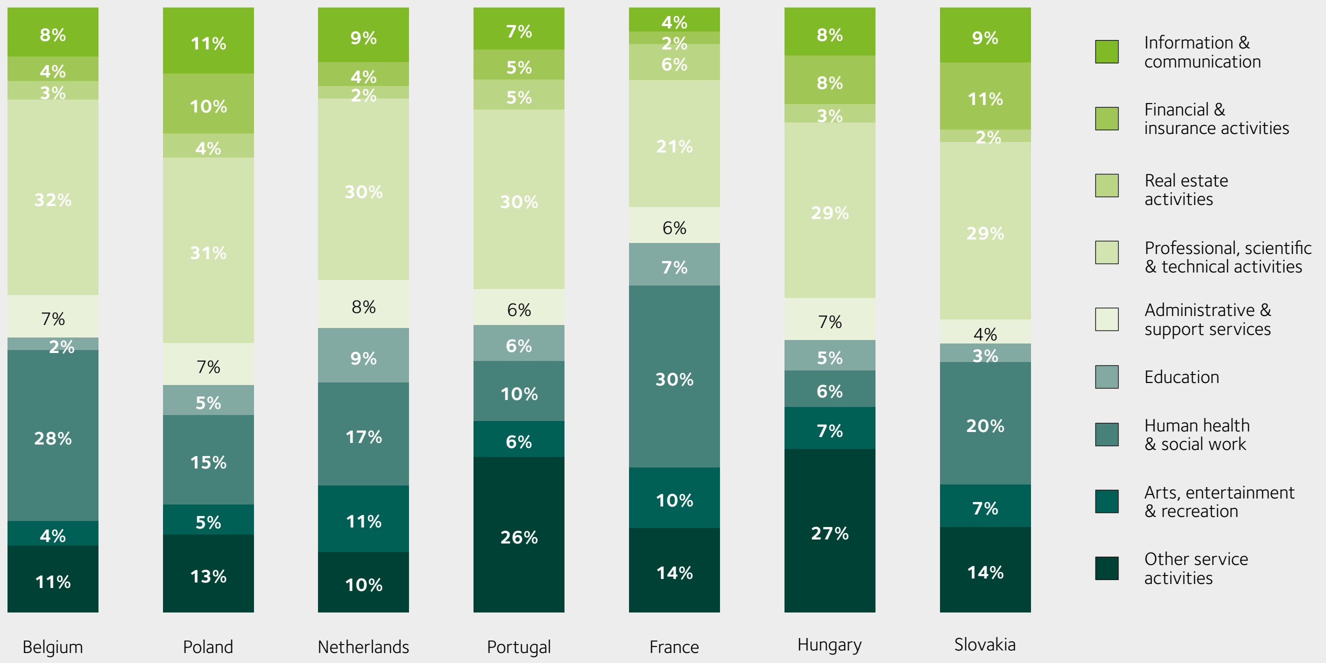

Source: Based on Eurostat data (2015a)

## Bipolarised

In countries where there are two sectors significant in size, the majority of independent professionals work in one of two main sectors: professional, scientific and technical activities and human health and social work. Belgium, Slovakia and France are the best examples of this, with France being the only country where more independent professionals work in a sector other than the professional, scientific and technical activities sector (Figure 7).

Portugal is particularly interesting as its second sector for independent professionals is the other services activities sector. Although these tend to be lower skilled roles (e.g. hairdressing) it is indicative of a fairly broad independent working culture, as its independent professionals work in varied roles. Further evidence of this is the fact that Portugal has a slightly higher than average proportion of its workforce that are self-employed, but a lower than average proportion of self-employed people working in the services sectors.

## Figure 7: Bipolarised sector distribution of independent professionals

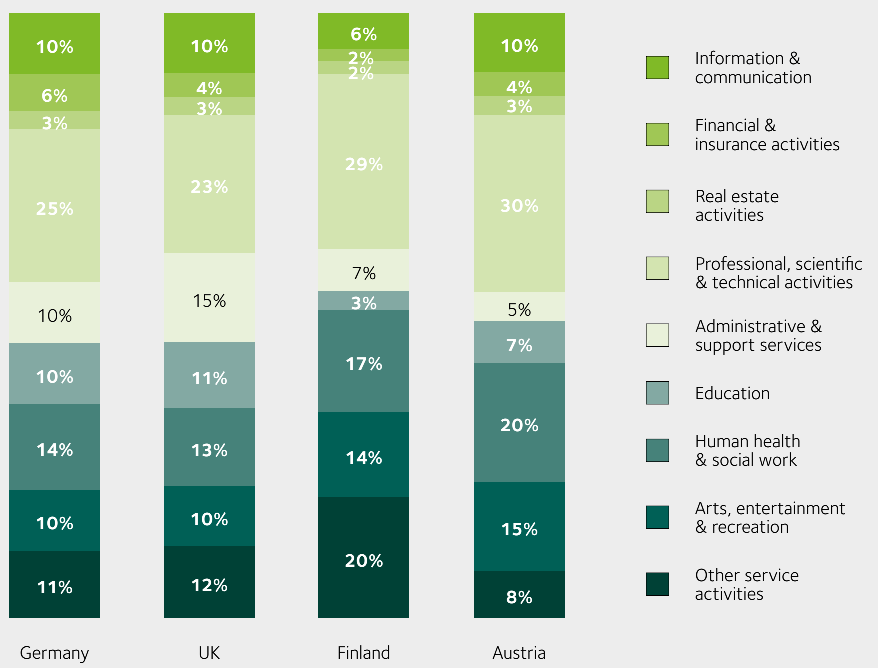



Source: Based on Eurostat data (2015a)

## Non-specialised

Germany, the UK, Finland and Austria are the countries in which sector distribution is non-specialised (Figure 8). Though there is a larger proportion working in the professional, scientific and technical activities sector, the distribution among other sectors is broadly spread.

## Figure 8: Non-specialised sector distribution of independent



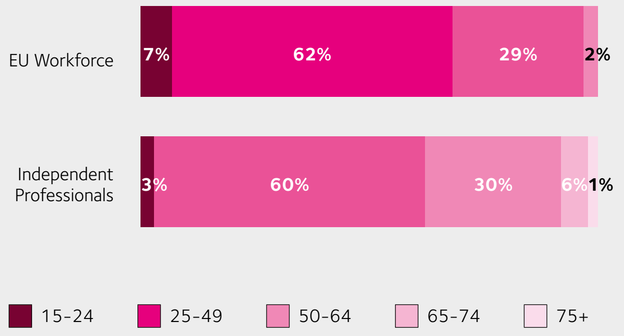

Source: Based on Eurostat data (2015a)

# Age

Independent professionals tend to be older than equivalent services sector employees (Figure 9). There is a much higher proportion of independent professionals who are over 65, the most common retirement age for equivalent employees in the EU-28 (OECD, 2015). This is to be expected as older workers are more likely to desire the flexibility of working alone as a work/life balance becomes more important with age. Freelancing also offers people who have past retirement age an opportunity to continue working if they wish to do so. Older workers are more likely to become self-employed as they have the experience and confidence to take on the challenges of working independently.  At the lower end of the age spectrum the opposite is true, with a higher proportion of employees than independent professionals who are aged 15-24.

The majority (60%) of EU-28 independent professionals fall into the 25-49 age group. The second largest segment is those aged 50-64 (30%). Female independent professionals tend to be younger than males, with a slightly higher percentage falling into the youngest category (2.9% females compared to 2.6% males) and a higher proportion of males working past retirement age relative to females, 9% and 5% respectively (Eurostat, 2015a).

**Figure 9: EU-28 workforce and independent professionals by age group**

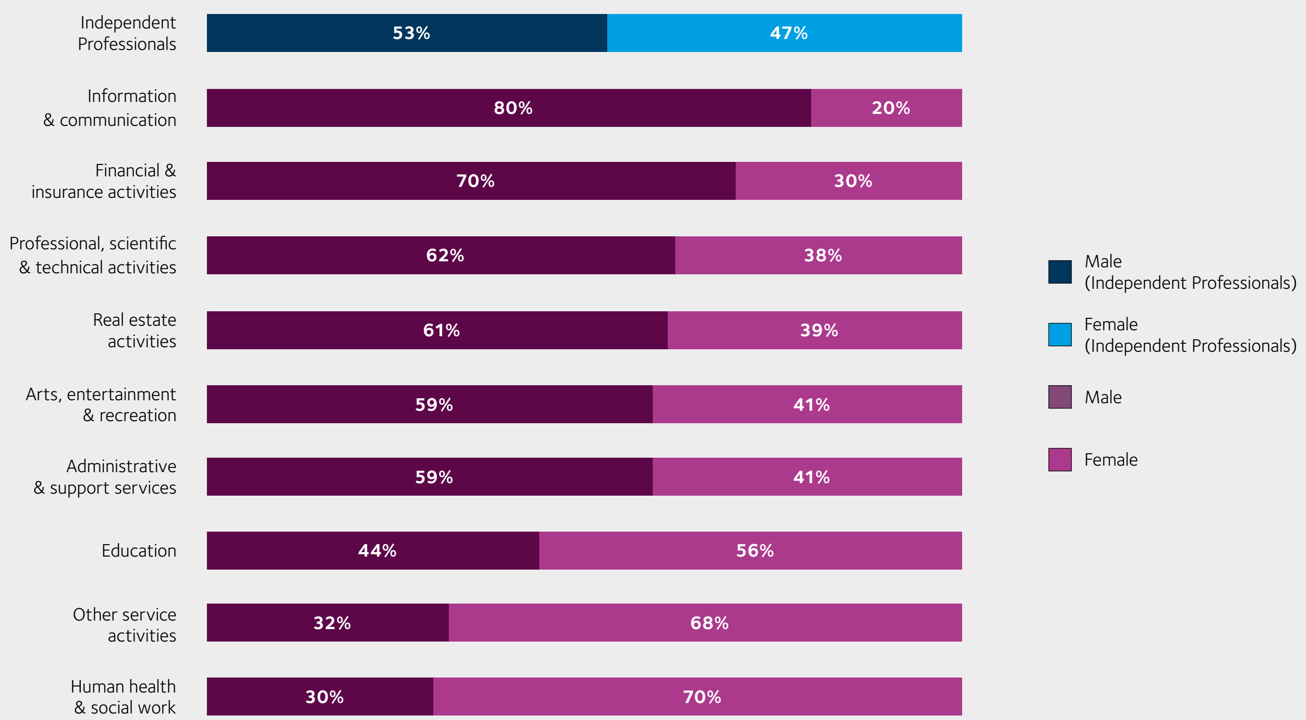



Source: Based on Eurostat data (2015a, 2016a)

# Gender

Within the EU-28 workforce, men represent 53% of the independent professional population and 54% of the workforce as a whole. There is a substantial variation between the gender distributions in each sector. The information and communication and financial and insurance activities sectors are heavily male dominated – men accounting for 80% and 70% of those groups respectively. On the other end of the spectrum is the human health and social work sector in which 70% of independent professionals are females. The education and other services sectors also have a higher proportion of females than males (Figure 12).

**Figure 10: Sector related distribution of independent professionals by gender**




Source: Based on Eurostat data (2015c)

# Skill level and education

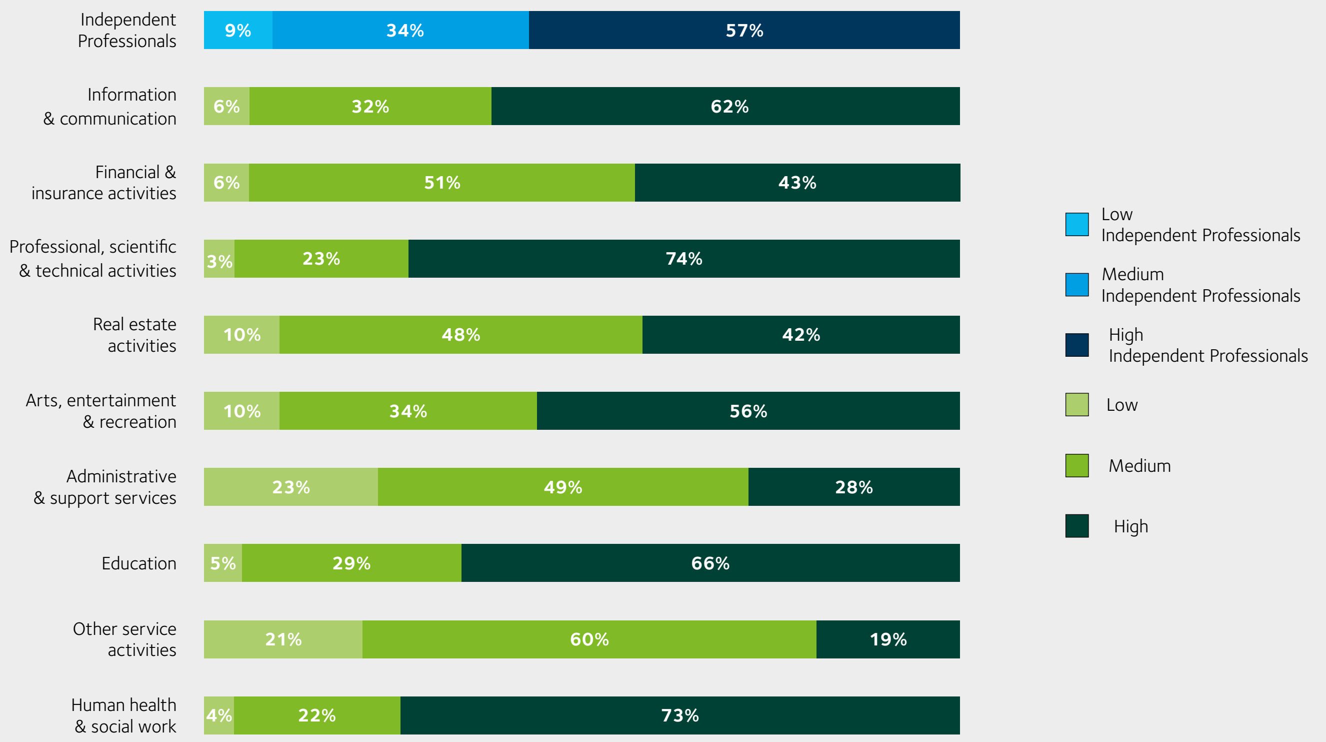
The skill level of the EU-28 workforce is split into three categories:

- Low: Pre-primary, primary and lower secondary educated
- Medium: Upper secondary and non-higher post-secondary educated (e.g. GCSE and A-Level)
- High: Level of training which is equivalent to higher education (e.g. graduate, post-graduate and doctorate level)

Employees who work in the services sectors are generally highly skilled when compared to the rest of the EU-28 workforce.

Given the nature of independent professional work, it isn't surprising that they tend to be highly skilled and educated, with 57% falling into the high skill level category and only 9% having a low level of education (Figure 11). The sectors with the greatest concentration of highly skilled workers are mirrored for independent professionals and equivalent services sector employees (Eurostat, 2015a). The professional, scientific and technical activities, human health and social work, and the education sectors have the greatest proportion of highly skilled workers, while the real estate activities and administrative and support services sectors have the lowest proportion of highly skilled workers.

## Figure 11: Independent professional skill level by sector



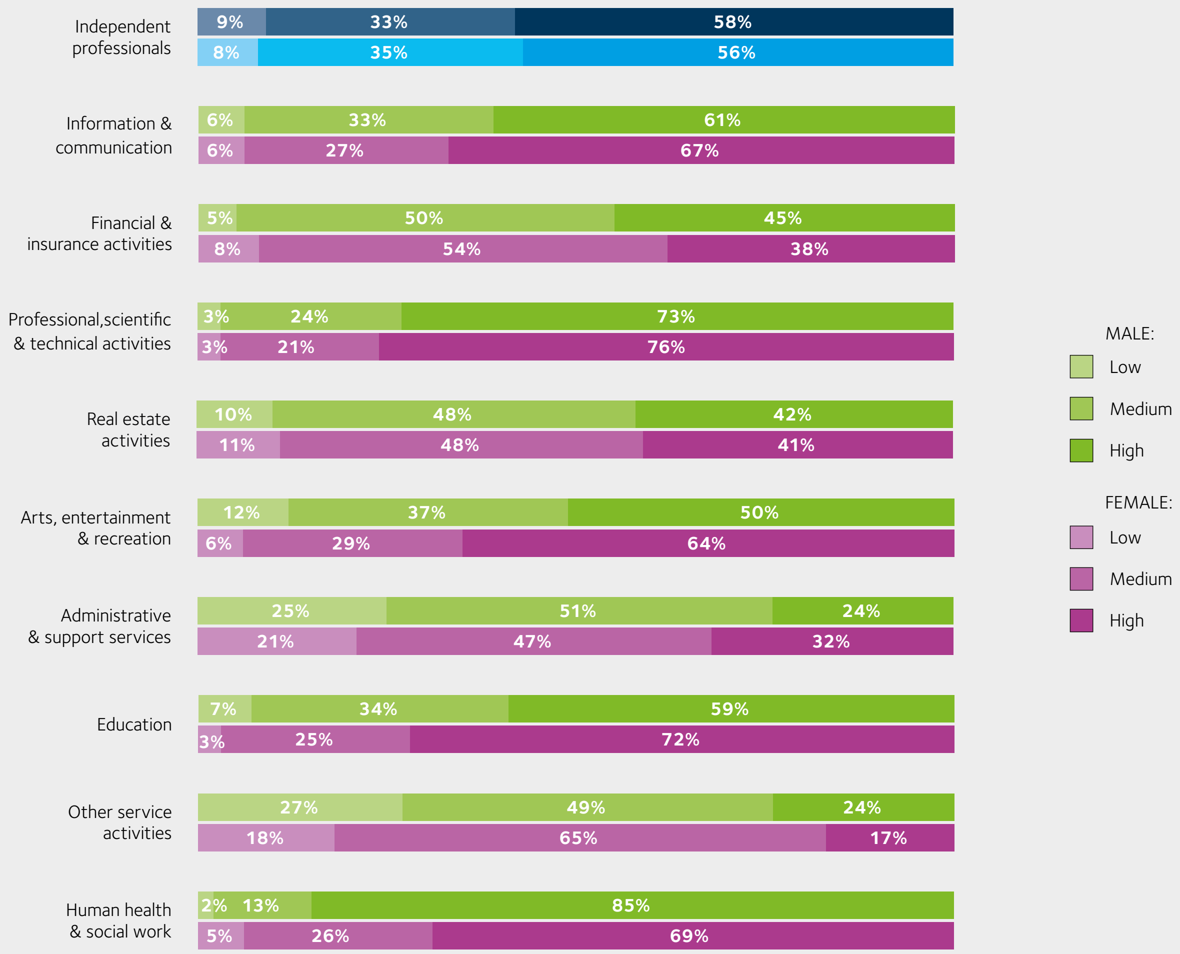

Source: Based on Eurostat data (2015c)

# Gender skill assessment

When skill level is considered by gender there appears to be very little difference between males and females. Fifty eight per cent (58%) of male independent professionals have a high level of training compared to 56% of females (Figure 12).

In two sectors however there is a notable difference in the skill level of male and female independent professionals. In the education sector, females tend to be more highly skilled, at 72%, compared to 59% of males who fall into the high skill category. The opposite is true of the human health and social work sector, where 85% of male independent professionals are highly skilled compared to 69% of females. Interestingly, what these sectors have in common is the fact that females make up the majority of independent professionals, with 56% working in education and 70% in the human health and social work sector.

**Figure 12: Sector related distribution of gender and skills**



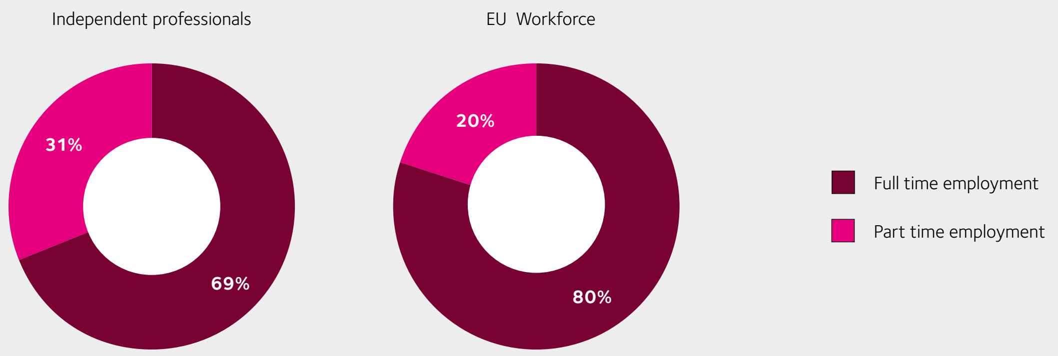

Source: Based on Eurostat data (2015c)

# Working time

## Working time of independent professionals compared to employees

Figure 13 shows the proportion of independent professionals working part-time in comparison to the entire EU-28 workforce. Thirty one per cent (31%) of independent professionals work part time while the proportion of part-time workers in the entire workforce is just 20%.

## Figure 13: Working time of EU-28 workforce compared to independent professionals (full time vs. part time)

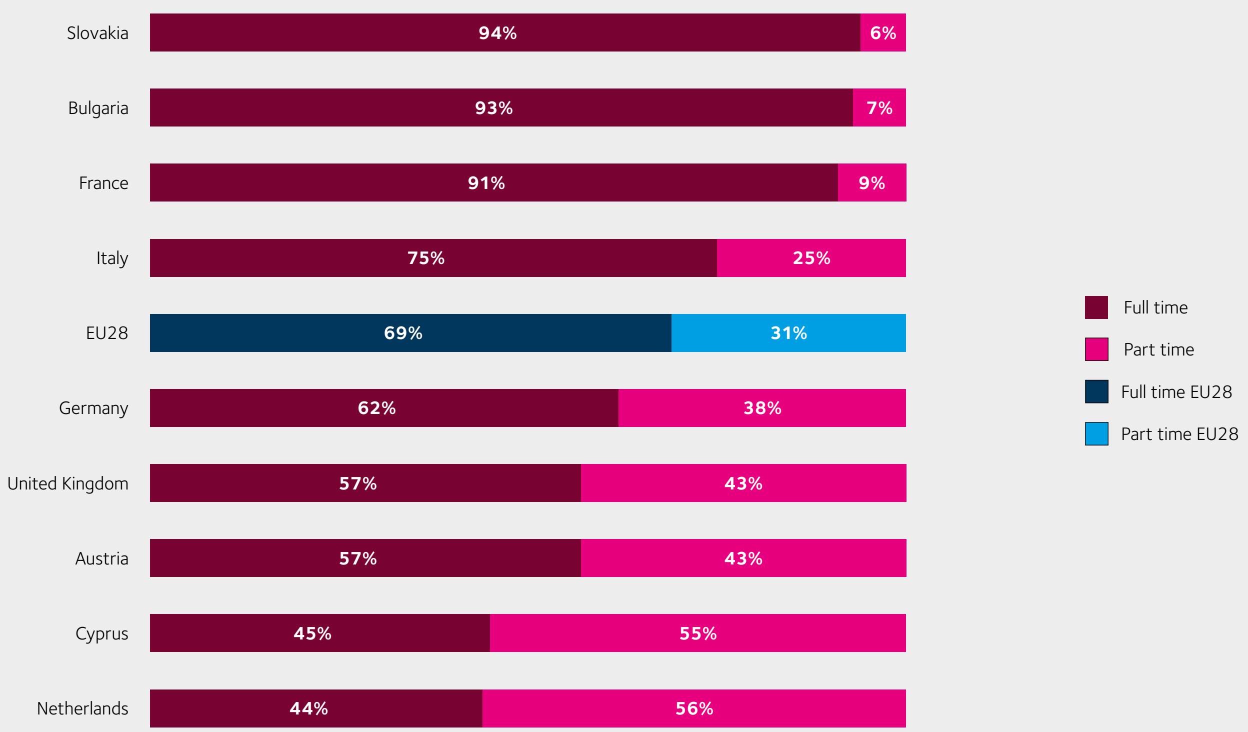



Sources: Based on Eurostat data (2015b, 2016b)

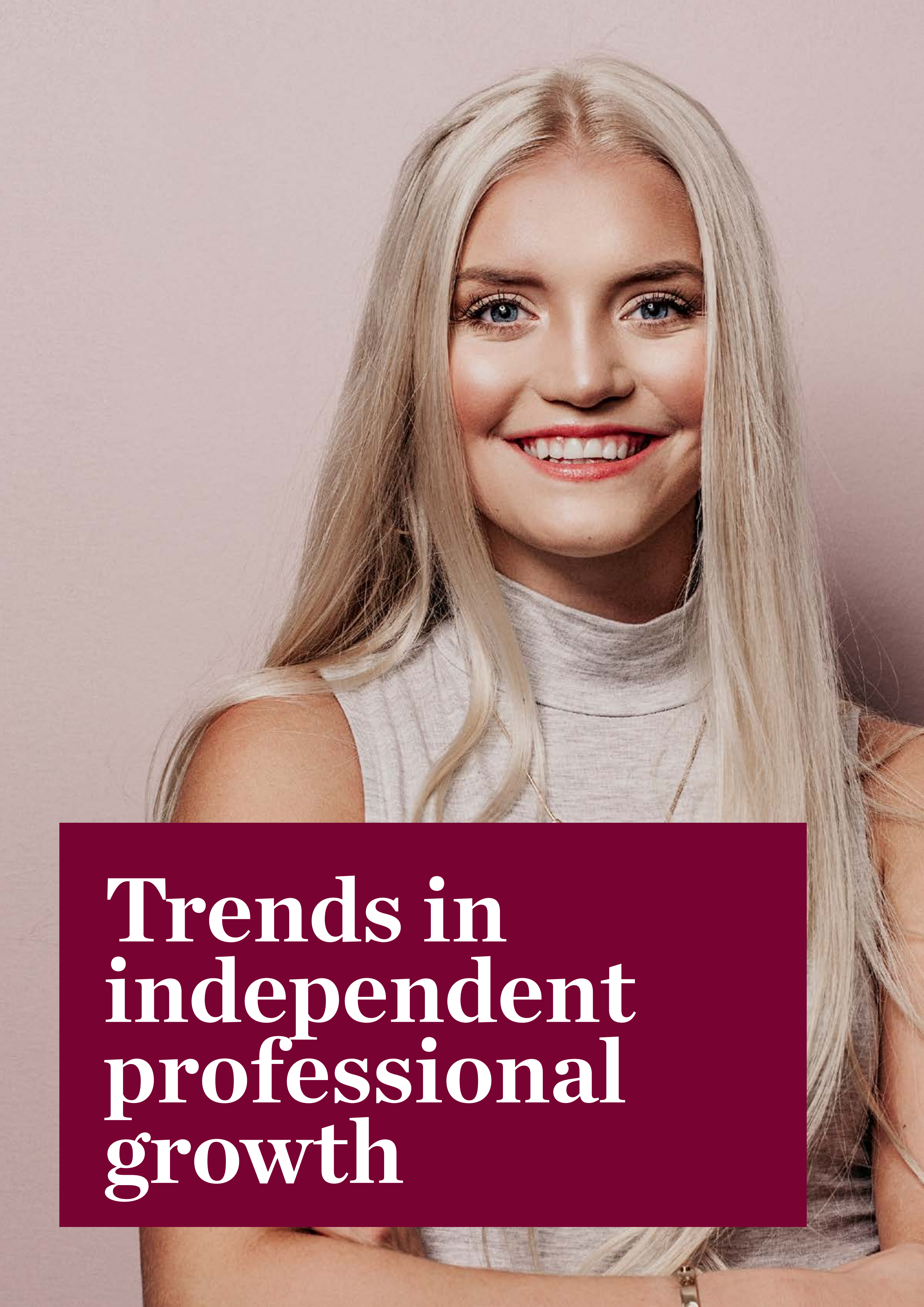
## Working time of independent professionals by country

There is a significant degree of variation in working time between the different countries (Figure 14). The countries with the highest proportion of full time workers are Slovakia (94%), Bulgaria (93%) and France (91%). The countries with the highest proportion of part time workers are the Netherlands (56%), Cyprus (55%), Austria and the UK (43%). Interestingly only the Netherlands and Cyprus have a larger number of part time independent professionals than full time.

## Figure 14: Working time of independent professionals by country




Source: Based on Eurostat data (2015a)

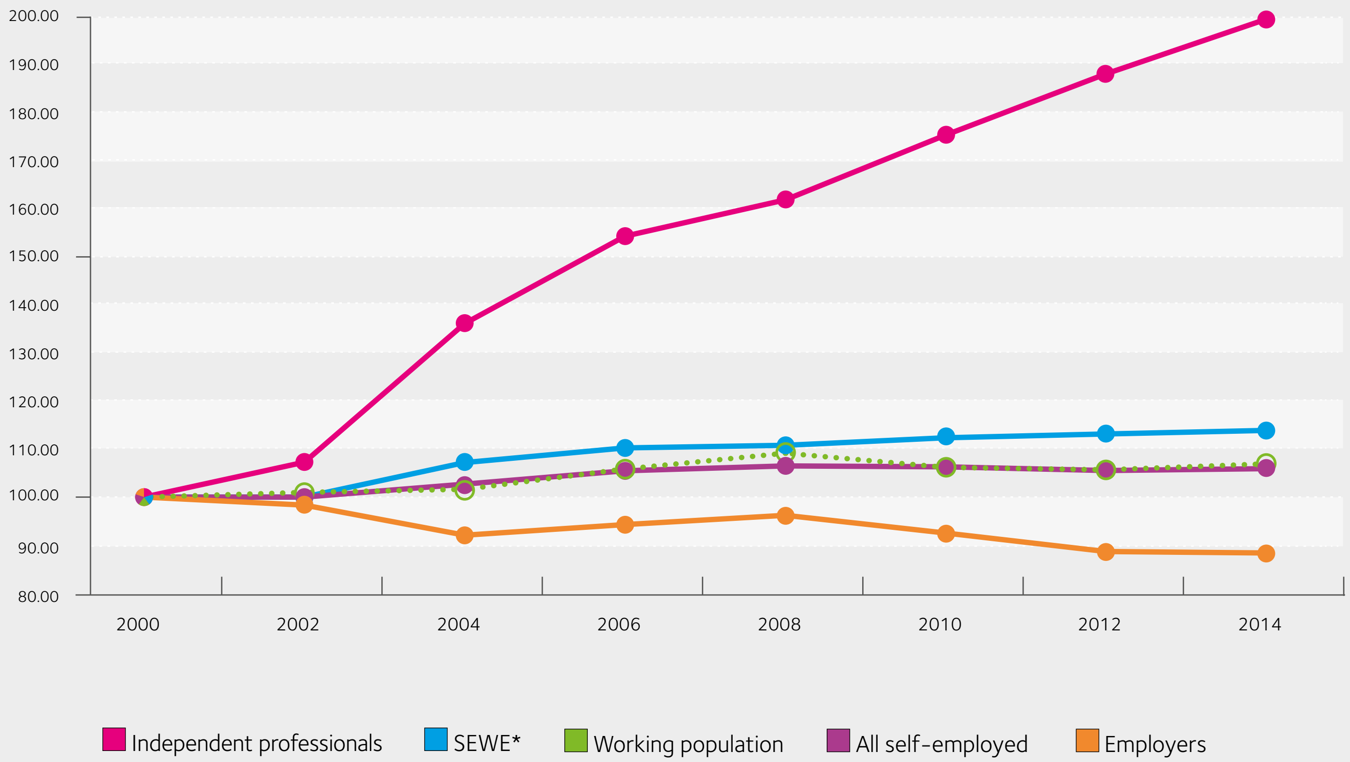


# Trends in independent professional growth

# EU-28 workforce growth

The number of independent professionals in the EU-28 has nearly doubled between 2000 and 2014 this growth has far outpaced the growth of any other relevant segmentation of the labour market. Using the year 2000 as a base, the working population as a whole has increased by 7%, the total number of independent workers (including those with and without employees) increased by 6%, and the number of self-employed people without employees (as subset of independent workers) has increased by 14%, which coincided with a fall in the number of employers of 12%. Meanwhile the number of independent professionals has been fairly consistent, with an increase of 99%, from 4,725,400 to 9,425,600 during the same period.

**Figure 15: Workforce growth by segment of workers between 2000 and 2014 (millions)**



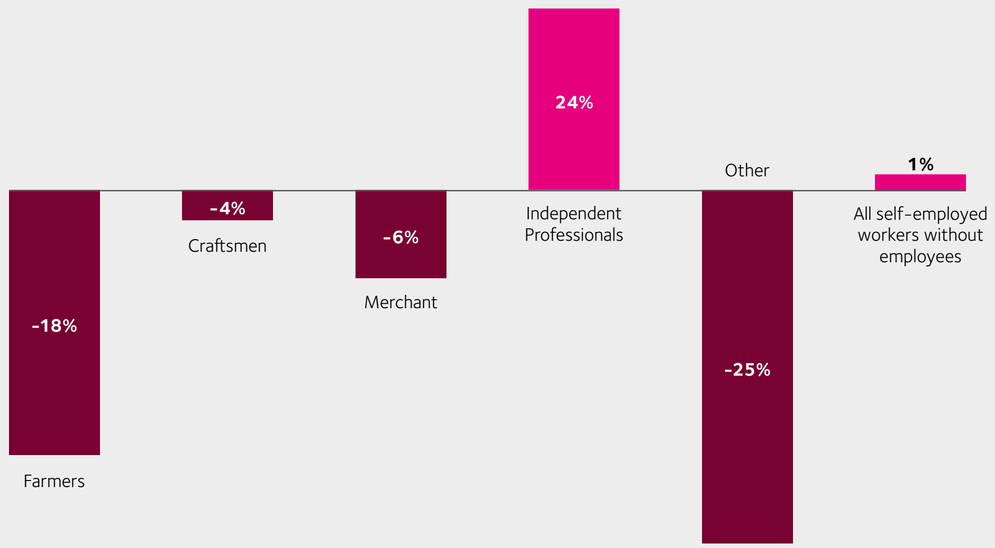

* SEWE: Self-employed workers without employees
Individuals aged 15 and over, quarterly data
Independent professionals 2000 - 2007: estimated data
Source: Based on Eurostat data (2015a)

# Factors driving independent professional growth

As there is more precise comparable data from 2008, it is the base that is used for the trend section of the report. In the EU-28, the labour market has seen a decline of 2.1 % in the total number of workers from 223m in 2008 to 219m in 2014 (Eurostat, 2016a). The decline has been broad, in many cases, impacting the industries that independent professionals operate in to a greater degree than other sectors in the EU-28 economy. There has however been a general increase in the skill level of the EU-28 workforce, which has driven the growth of the independent professional population as the industries that they work in tend to require higher skills than others (i.e. crafts and farming).

Since 2008, the number of self-employed workers without employees, of which independent professionals are a subset, has grown by a relatively small amount in the same time that independent professionals have increased rapidly (Figure 16). From quarter one of 2008 to quarter one of 2015 the number of self-employed farmers without employees fell by -18%, craftsmen -4%, merchants -6% and all other self-employed workers without employees fell by -25%. Meanwhile independent professionals have risen by 1.9m, which is a 24% increase. Independent professionals have been the sole driver of the 1% increase of all self-employed workers without employees.

**Figure 16: Contributions to the growth in the number of self-employed workers without employees (Q1 2008 - Q1 2015)**




Independent professionals 2000 - 2007: estimated data
Sources: Based on Eurostat data (2015a)

# Growth within countries

## Substantial growth from a low baseline: Latvia, Romania and Slovenia

The growth in independent professionals has, for most countries, been very strong. Since 2008 countries such as Latvia, Romania and Slovenia have seen particularly large growth, as they initially started with relatively small independent professional populations (Figure 17). However, these countries still do not contribute a large proportion to the total EU-28 independent professional population.

## Strong growth: UK, France and Netherlands

In the period between quarter one of 2008 and quarter one of 2015, the UK has seen significant growth for a country that began the period with a high number of independent professionals, and has seen a rise of 660,000 – the largest in absolute terms. France is another country that has experienced rapid growth in this period, adding 344,000 more independent professionals to the EU-28 workforce and increasing in size by 70%. In the Netherlands, where 6% of all the EU-28's independent professionals reside and contribute the largest proportion to the country's overall workforce (6%), there has been rapid growth of 52% since 2008. In absolute terms this is 204,000 more independent professionals.

What is interesting about these three countries, which have seen considerable growth from an already significant independent professional population, is that they are varied in sectorial distribution. In other words, the independent professional population is distributed across at least two subsectors (Figure 7 and 8), such as professional, scientific and technical activities and human health and social work, rather than being concentrated in one sector.

The UK is a country that falls into the non-specialised distribution category. While the Netherlands and France are countries with a bipolarised independent professional population. In both of these countries a large proportion of independent professionals work in the human health and social work sector. Notably, France's human health and social work sector is the only subsector where there is a greater number of independent professionals than in that of the professional, scientific and technical activities.

## Slight increase: Italy and Germany

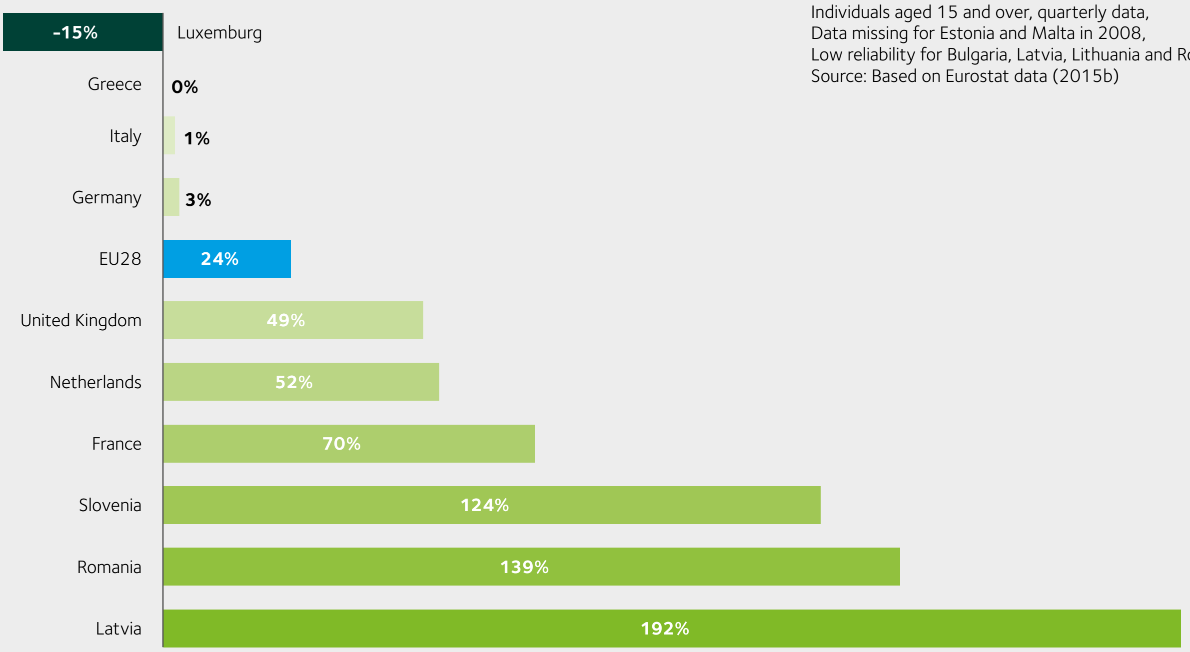
The other two countries that make a large contribution to the total independent professional numbers in the EU-28 are Italy and Germany. In both of these countries there was a modest increase in their independent professional populations between quarter one of 2008 and quarter one of 2015.

This may be surprising for Germany as it is a country identified as having its distribution of independent professionals broadly spread across sectors. In Italy, on the other hand, 43% of independent professionals work in the professional, scientific and technical activities sector, with a much smaller distribution across all other sectors.

## Decline: Luxembourg

Luxembourg, a country that was earlier identified as having a particularly large proportion of its overall self-employed population working as independent professionals, has seen a significant fall in this population by 15% between quarter one of 2008 and quarter one of 2015. Luxembourg's services sector appears to have been fairly sensitive to the financial crisis in 2008, and this is likely to be due to the fact that the financial and insurance activities sector is such a significant part of the country's economy. Data to support this however has proven difficult to obtain for Luxembourg. It would be interesting to explore what proportion of the overall independent professional population was working in the financial and insurance activities sector prior to the recession and how this has changed over time.

### Figure 17: Percentage growth of independent professionals (Q1 2008 – Q1 2015) by country




Individuals aged 15 and over, quarterly data,
Data missing for Estonia and Malta in 2008,
Low reliability for Bulgaria, Latvia, Lithuania and Romania
Source: Based on Eurostat data (2015b)

# Growth within sectors

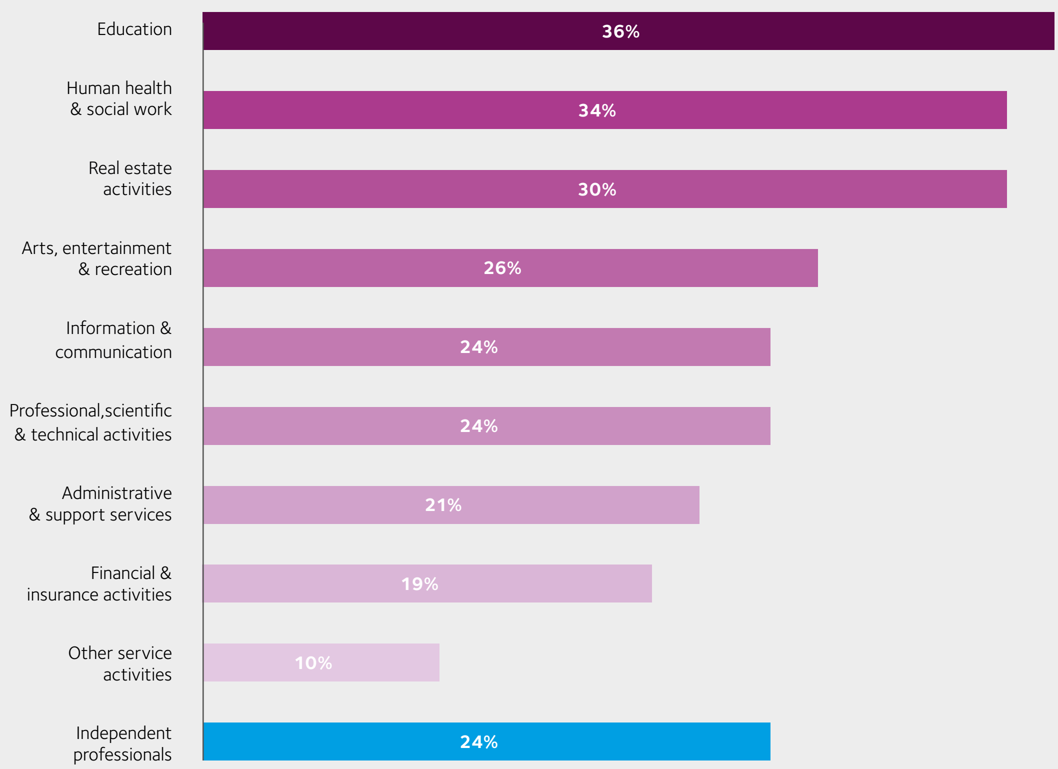
Growth in the number of independent professionals has been fairly strong across all sectors with each seeing an increase of more than 10% between quarter one of 2008 to quarter one of 2015 (Figure 18). In percentage terms the education sector has seen the most significant growth of 36%, closely followed by the human health and social services sector, which saw growth of 34% from 2008 to 2015. The largest growth in absolute terms was in the professional, scientific and technical activities sector by 24%, which is an additional 551,500 independent professionals in this sector.

The two sectors with the highest percentage of growth in independent professionals, education (36%) and human health and social work (34%), are similar in that they are both largely publicly funded or provided by the state in many EU economies (Figure 18). Although these sectors have grown by almost equally rapid rates in recent years, the human health and social work sector has increased from a much larger base and in absolute terms has contributed 551,000 more independent professionals to the 1.9m growth seen between quarter one of 2008 and quarter one of 2015.

Interestingly, as mentioned previously, the human health and social work sector is a significant contributor to two of the countries that have seen the largest growth of independent professionals in absolute terms. In the Netherlands the human health and social work sector is the second largest contributor, and in France it is the largest by a marked margin.

The sector which has seen the fastest growth of independent professional numbers in absolute terms is professional, scientific and technical activities, which, as highlighted earlier in the report, is where the majority of independent professionals throughout the EU-28 are working.

**Figure 18: Growth rate of independent professional numbers by sector (Q1 2008 – Q1 2015)**

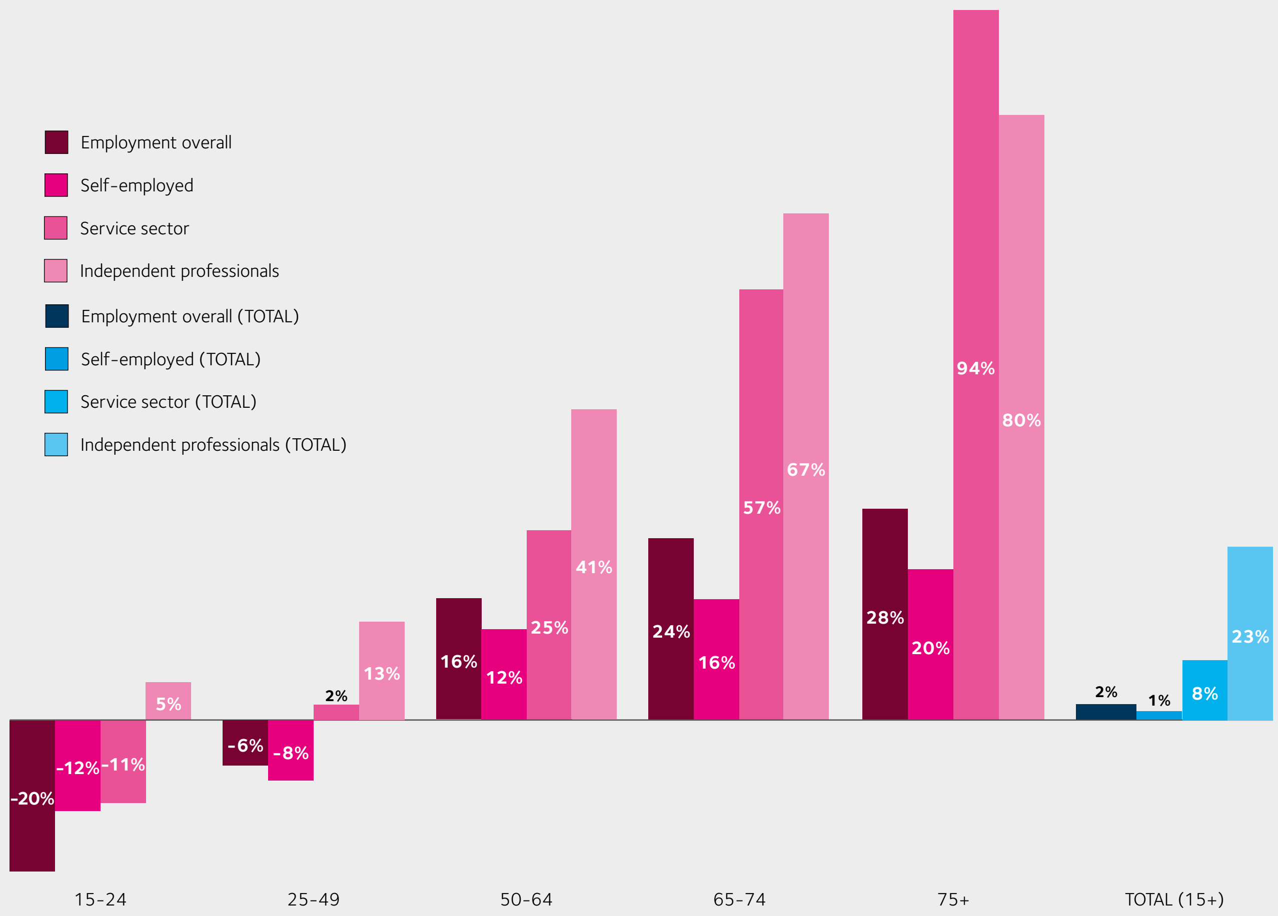



Individuals aged 15 and over
Source: Based on Eurostat data (2015a)

# Growth of older workers

Aggregate data for the years 2008 and 2014 show that there has been significant growth in older workers, exceeding the typical retirement age in the EU (Figure 19). Within the overall EU-28 working population there was a 28% increase of workers over the age of 75 between 2008 and 2014. The vast majority of the increase can be attributed to those working in the services sector. Of the 127,000 more workers aged 75+, 102,000 work in the services sector. The same is true for workers aged 65–74 who have also seen a significant amount of growth concentrated in the services sector. It's not surprising that older workers tend to be engaged in roles that are in the services sector given their years of experience, while younger workers are more likely to occupy roles in the manual labour intensive sectors such as crafts and farming.

**Figure 19: Employment type growth by age group and sector (2008-2014)**




Source: Based on Eurostat data (2016a)

Independent professionals who are aged 75+ have seen the most rapid growth of all age groups between 2008 and 2014, however looking at this cohort against equivalent services sector employees, the rate of growth has not been quite as steady. Independent professionals aged 75+ have grown by 80% while equivalent services sector employees have almost doubled, growing by 94%.

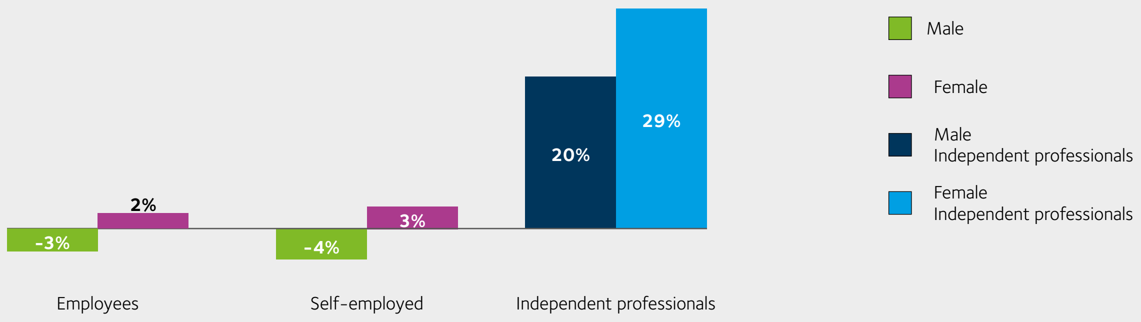
The growth in older workers has generally been more prevalent among independent professionals than it has with the equivalent employees working in the services sector when the age groups over 50 are considered. Independent professionals aged 50–64 have grown 41%, while equivalent services sector employees have experienced growth of 25%. Similarly, there are 67% more independent professionals aged 65–74, while equivalent employees of this age group have seen a lower, but still significant, increase of 57%.

# Gender contribution

The growth in independent professionals between quarter one of 2008 and quarter one 2015 has been driven in large part by a surge in females. Of the 1.9m more independent professionals in the EU-28 workforce seen during this period, 1m are female. This has correlated with a general increase of females in the workforce.

The growth in self-employed females has been concentrated in the services sector, where many roles are traditionally occupied by females, such as those in the human health and social work and education sectors (Figure 21).

## Figure 20: Growth of employees, self-employed and independent professionals by gender (Q1 2008 – Q1 2015)

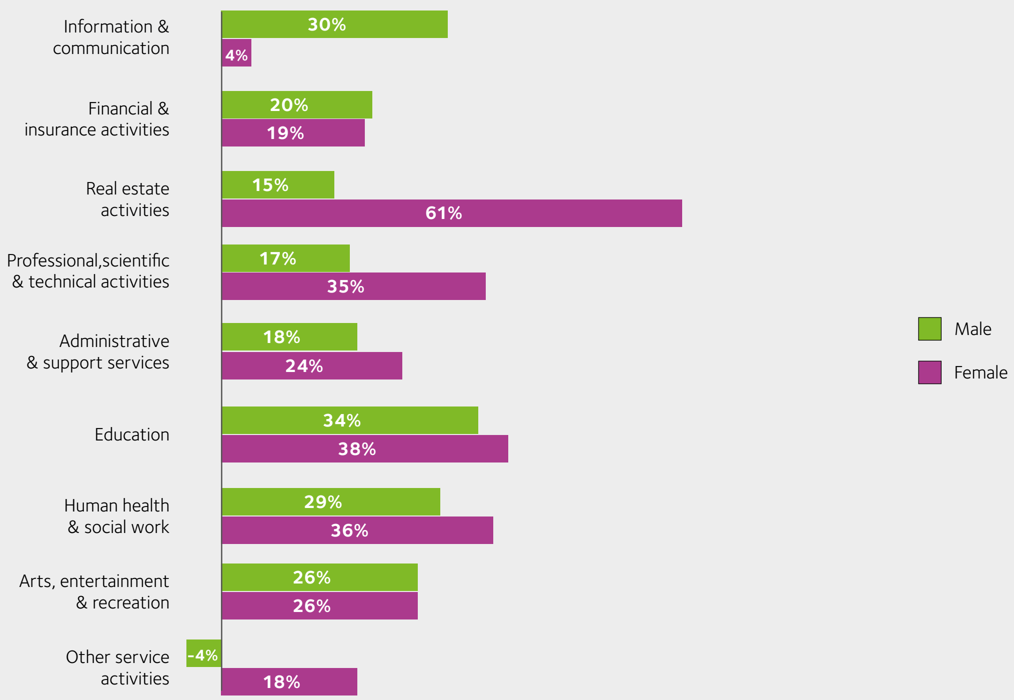



Source: Based on Eurostat data (2016a)

Between quarter one of 2008 and quarter one of 2015, the number of self-employed males fell, while the number of females continued to grow. This may, in part, be due to the fact that working independently also offers advantages for females who have children, and who require flexibility in managing their home life and career.

The number of female independent professionals has grown faster in all but two services sectors; information and communication and financial and insurance activities (Figure 21), two sectors which are traditionally male dominated. The real estate sector has seen remarkable growth of 61% in female independent professionals, however this represents growth from a particularly low level.

## Figure 21: Independent professional growth by gender and sector (Q1 2008 - Q1 2015)




Sources: Based on Eurostat data (2015b, 2016b)

In absolute terms the greatest number of new female independent professionals has come from the professional, scientific and technical activities sector, which is generally the largest sector for independent professionals, but the human health and social work sector has contributed a similar number of additional female independent workers.

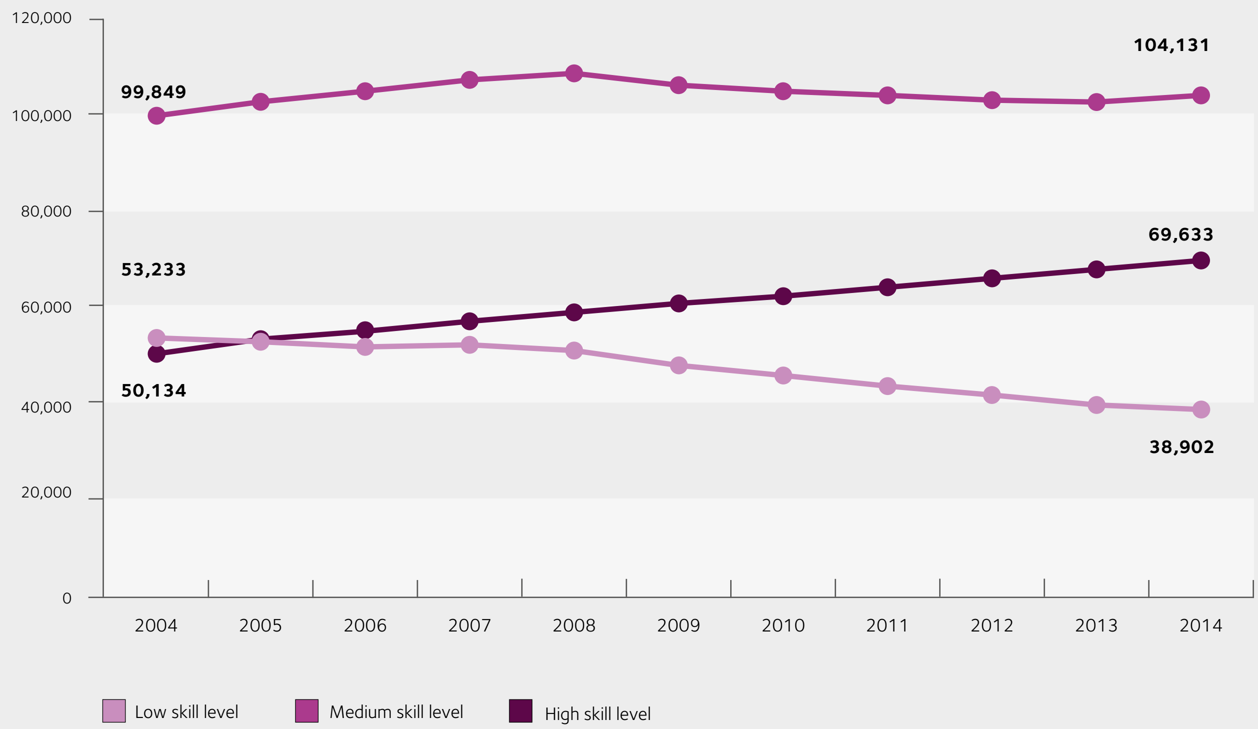
# Trends in skill level

Skill level in the EU-28 workforce has generally increased over time. Between 2004 and 2014, the lowest skill level grouping decreased in number by 14m, a 27% drop. By contrast, the highest skill level consistently increased since 2004 by an average of 3% every year, adding more than 19.5m to the workforce over the entire period – an increase of 39% (Figure 22).

The medium skill level grouping, which in 2004 accounted for nearly as many workers as the highest and lowest skill level groupings put together, has seen modest growth of 4% over the entire period, after progress was stunted following the economic recession in 2008.

The recession provides an interesting point of reference; contraction in the number of people employed was experienced disproportionally among lower skilled workers, with this skill grouping falling by 6% in 2008–2009, and by another 5% in the following year. The medium level skill grouping also experienced decline with a 2% dip in the immediate aftermath of the financial crisis, and employment of this group falling by another 1% the year after. Meanwhile, for the highest skill level grouping, even though there was a slowdown in response to the recession, growth continued at a strong rate.

**Figure 22: EU-28 workforce skill level trend 2004 – 2014**




Skill level defined on page 20
Source: Based on Eurostat data (2016a)

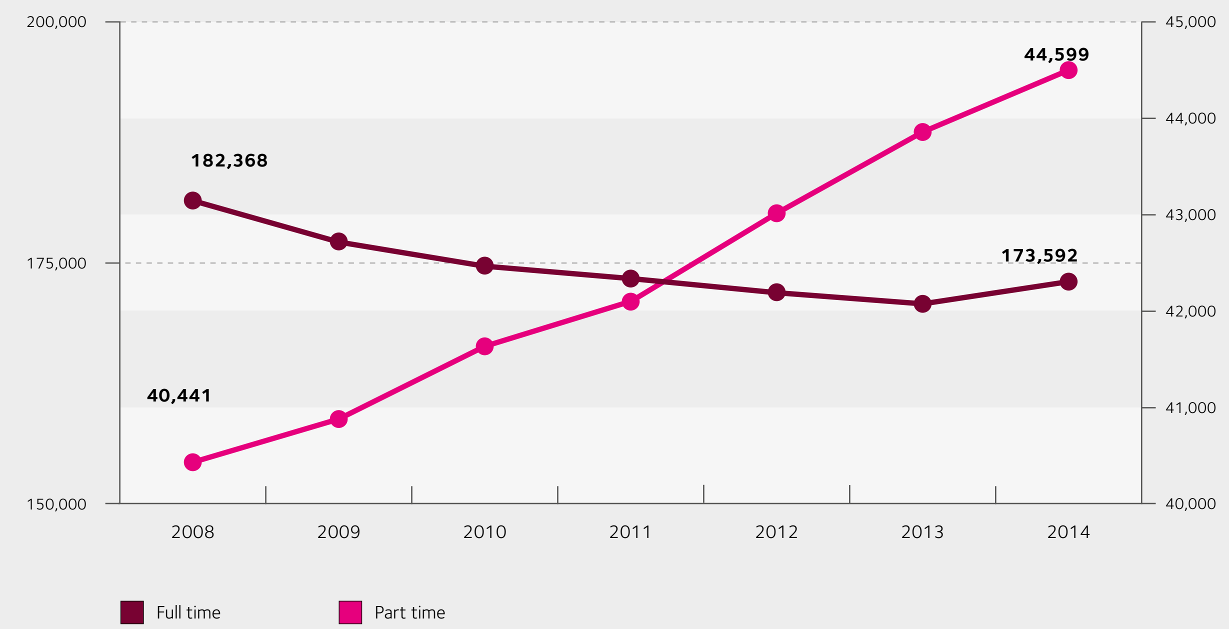
As seen earlier in the report, independent professionals tend to be of the higher skill level with 57% falling into the top category, and 34% belonging to the medium skill level grouping. The general increase in skill level of the EU-28's independent professional workforce presents a greater opportunity for people to work independently in professional roles. Evidence of this can be seen in the fact that independent professionals as a group have historically been highly skilled relative to the rest of the workforce. The skill level of independent professionals has increased over time at a faster rate than the rest of the workforce. In 2011, 53% of independent professionals occupied the highly skilled grouping, and by 2014 this rose to 57% (Rapelli, 2012) Meanwhile the broader workforce has only slightly increased the proportion of highly skilled workers during the same period, from 31% to 34%.

# Trends in working time

One of the benefits of working independently is the flexibility it can offer both the clients and the workers themselves. A greater proportion of self-employed people choose to work part time rather than full time compared to regular employees.

Since 2008 the numbers of part time workers has been rising rapidly. The overall figure for the EU-28 workforce has risen by 10%. In the same period full time worker numbers have fallen by nearly 5% (Figure 23).

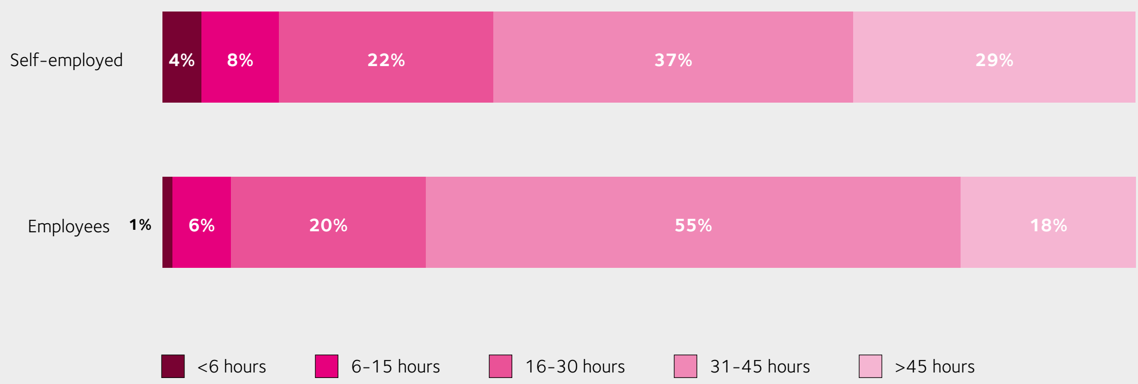
## Figure 23: Working time change 2008-2014 (thousands) for EU-28 workforce




Source: Based on Eurostat data (2016a)

It is notoriously difficult to get a clear picture of working times for the self-employed, especially figures which aggregate the EU-28 as a whole. The UK can be used as an example because it has the availability of data, a large proportion of self-employed people in its labour market and a high proportion of self-employed people who are independent professionals. According to the UK's Office for National Statistics (ONS) Labour Force Survey (LFS) data, a higher proportion of self-employed people work part time (up to 30 hours) compared to employees, 34% compared to 27%. The part time self-employed population has grown rapidly, by 41%, between 2008 and 2014, while the number of part time employees has only increased by 7% (Figure 24).

## Figure 24: Working time of employees compared to self-employed (Q1 2015)




Source: ONS (2015), Quarterly Labour Force Survey, February 2016

Interestingly, a higher proportion of the self-employed work more than 45 hours per week, compared to employees, which shows how this flexible way of working can operate both ways. Furthermore, it can be inferred that the self-employed generally work more flexibly than regular employees, as the desire to achieve a work/life balance is often listed as a strong driver of independent working.

A recent survey by the Department for Business, Innovation and Skills (2016), shows 76% of self-employed people regard this as a top reason for becoming self-employed, this is also true for independent professionals. An IPSE survey shows that 69% of independent professionals decided to work independently, at least in part, because it offered better work/life balance (IPSE, 2015).

# Conclusion

# Conclusion

Independent professionals, defined in this report as self-employed workers without employees in a service activity and/or intellectual service, now make up a notable proportion of the overall EU-28 workforce and have been rapidly growing in numbers since 2000. This report has shown that the independent professional population tends to be older, has rapidly growing levels of female participation and is more highly skilled in comparison to the equivalent services sector employees in the EU-28.

The demographics appear to have made a large contribution to the growth in independent professionals in recent years. As the services sectors in the EU-28 economies continue to increase in size, the number of professional roles available to an ever more highly skilled labour force are on a consistent rise. As more females and older workers become economically active, working independently appears to be more attractive to a larger cohort of the workforce.

Evidence of this can be found in the fact that the growth trends in skill level, age and gender are more pronounced among independent professionals than they are in the wider workforce. It would be reasonable to conclude that because the drivers of independent professionals' growth is driven by demography, the trend is set to continue as the EU-28 workforce can only be expected to get older, have more female participation and become more highly skilled.

Further evidence that this trend of growth is likely to continue is the fact that it is broad in nature at an individual country level. In all of the EU-28's member states barring three, increases were seen in the total number of independent professionals between quarter one of 2008 and quarter one of 2015. In some countries the increases were exponential, with Latvia seeing nearly 200% growth and Romania and Slovenia also seeing their independent professional population more than double between 2008 and 2015. Aggregated growth of independent professionals throughout the EU-28 was 24% and much of this could be accounted for by large nations which have seen strong consistent growth in terms of percentage and absolute numbers. The countries that have had the largest contribution to the overall growth of independent professionals have been the UK, France and the Netherlands. These countries tend to have large services sectors in terms of the general structure of their economies.

Additionally, if the services sector in the EU-28 continues to grow and resemble the proportions seen in the most advanced EU nations, we can assume there will be a continued increase of independent professionals within the labour market.

There have also been cultural factors which appear to have contributed to the increase in independent professionals. The desire for more flexible ways of working seems to have driven the increase as more people in the independent professional population work on a part-time basis. Although there are gaps in the data, particularly EU-28 wide, analysing the UK's self-employment data is a useful means of drawing some speculative conclusions about the working practices of EU-28 independent professionals. The UK contributes the highest number of people to the cohort and is one of the countries where independent professionals make up more than half of the self-employed population.

Independent professionals appear to be leading a number of trends in the EU workforce. This report has identified that in recent years, there has been a greater proportion of older, female, skilled and flexible workers among independent professionals in the services sector. The growth of these types of workers has been greater among the self-employed working in service activities and intellectual services sectors than within any other labour market division. We can therefore expect the independent professional population within the EU-28 to continue the growth it has seen since the start of the new millennium.

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# About IPSE

IPSE is the largest association of independent professionals in the EU, representing over 67,000 freelancers, contractors and consultants from every sector of the economy. It's a not-for-profit organisation owned and run by its members.

We believe that flexibility in the labour market is crucial to Britain's economic success, and dedicate our work to improving the landscape for the freelance way of working through our active and influential voice in government and industry.

With highly professional staff working for you, IPSE has the unique ability to demonstrate the economic value of freelancing to those in power and ensure freelancing is both considered and supported in all areas of regulation and policy. As well as being a campaigning body, IPSE provides a wide range of support services to help its members succeed in business, including tax and legal helplines, IR35 support, and compensation for illness/injury.

Founded in 1999 by a community of freelance contractors, IPSE has become the leading authority on freelancing in the UK. The association is governed by its members and any member is eligible to stand for election to the Consultative Council, and from there, for election to the Board of Directors.

IPSE

Heron House, 10 Dean Farrar St, London SW1H 0DX

T +44 (0) 20 8897 9970

W www.ipse.co.uk

# About the authors

**Lorence Nye**
Economic Policy Adviser

Lorence is IPSE Policy's Economic adviser. He is responsible for ensuring IPSE is up to date with macro-economic developments in the UK, European and global economy and helps to develop policy which has economic implications. He also analyses the key data concerning the self-employed such as labour market figures and IPSE's own research, the Freelancer Confidence Index.

**Kayte Jenkins**
Research Manager

Kayte designs research projects that underpin IPSE's commercial and lobbying work with the aim of ensuring independent professionals can succeed in business. She has managed research projects which covered a number of issues for the self-employed, such as pensions, banking and the impact of UK's membership of the EU, as well as developing IPSE's quarterly Freelancer Confidence Index.

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