

15 January 2018

Self-employment – Labour Force Survey ad hoc module 2017

2nd quarter of 2017

72.5% of self-employed workers in Portugal do not have employees

In the 2nd quarter of 2017, the number of self-employed workers in Portugal was 806.2 thousand, which corresponds to 16.9% of total employed population. Of the former, 27.5% performed their activity with employees (this is, as employers) and 72.5% did it without employees (as own-account workers). The following results of the ad hoc module 2017 on self-employment are also relevant:

- More than half of self-employed workers (53.0%) declared having 10 or more clients where none of them had a dominant position.
- Almost two thirds (63.7%) stated that their daily working hours were decided by themselves.
- One third (33.6%) reported as main reason for having this professional status a suitable opportunity that has presented itself and the possibility to work in or to continue the family business.
- 29.5% listed as main difficulties felt during their activity as self-employed the periods without work and the existence of clients that delayed payments or did not pay at all.
- Almost one third (30.6%) work with business partners.
- 57.5% do not plan to hire employees or subcontractors in the next 12 months.
- The self-employed workers have average levels of work satisfaction lower than those of employees, but their job autonomy is greater.

Statistics Portugal publishes the results of the Labour Force Survey ad hoc module 2017 on “Self-employment”. This is a statistical operation performed in all European Union (EU-28) Member States for the first time in 2017 as a Labour Force Survey ad hoc module. Up until now, only the Portuguese results are available.

This publication consists in an article associated to this Press Release and in a set of data structured in four themes: 1) economically dependent self-employed workers (economic and organisational dependency); 2) self-employed workers' working conditions (reasons, difficulties, business partners' existence and hiring plans); 3) comparison to employees in terms of autonomy and professional satisfaction and of the reasons for preferring another professional status; 4) developments on the nature of self-employed work – after defining a typology of self-employed worker “by choice” or “by necessity”, in the article these two groups of individuals are characterised and it is explored the relationship between the probability of being a self-employed worker by necessity or of a non-employed person becoming a self-employed worker by necessity and a set of personal, firm's and work characteristics.

1. Introduction

In the 2nd quarter of 2017, the number of self-employed workers in Portugal was 806.2 thousand, which corresponds to 16.9% of total employed population (4 760.4 thousand people). Of the former, only 27.5% performed their activity with employees (this is, as employers), while 72.5% did it without employees (as own-account workers).

The share of self-employed workers in the total employed population is particularly high among those with 65 years old and over (75.1%), in occupation group *Skilled agricultural and fishery workers* (76.4%) and in the activity sector *Agriculture, forestry and fishing* (71.5%). This sector employs 29.4% of total self-employed workers in Portugal.

The results presented below are a part of those analyzed in the article associated to this Press Release and correspond only to those coming from the eleven variables of the module. When relevant, the self-employed workers with employees are distinguished from own-account workers. In the article associated to this Press Release there are explored other aspects that allow giving context to self-employment in Portugal, as well as making more detailed analysis of the results.

2. Economically dependent self-employed workers

2.1 Economic dependency: number and importance of clients (in the last 12 months)

- From the total of self-employed workers in the 2nd quarter of 2017, 53.0% declared to have had 10 or more clients where none of them had dominant

position (this is, none of the clients is responsible for 75% or more of the self-employed worker's income).

- That share was of 82.1% for the self-employed workers with employees, standing at 42.0% for those without employees.

2.2 Organisational dependency: influence over deciding daily working hours

- From the total of self-employed workers excluding those without any client in the previous 12 months (796.6 thousand), 63.7% stated that their daily working hours were decided by themselves.
- Also here there is a distinction between those with employees (of which 84.0% decide their own working hours) and those without them (55.9%).
- Among the self-employed workers without employees (584.7 thousand; 72.5% of the total self-employed workers), almost all of them (98.2%) can be classified as being economically independent, this is, they have more than one client, none of them in dominant position, and the working hours are not determined by the clients (or any other party or circumstance).

3. Self-employed workers' working conditions

3.1 Main reason for becoming self-employed

- 20.7% of self-employed workers reported as main reason for having this professional status having had a suitable opportunity that has presented itself, followed by the possibility to work in or to continue the family business (12.9%).

- These two reasons were also the most chosen by those with employees that have even reinforced it (37.5% and 21.1%, respectively). In the case of own-account workers, after having had a good opportunity (14.3%) they have chosen a “negative” reason: they could not find a job as an employee (13.3%).

3.2 Main difficulty felt during their activity as self-employed

- 19.1% of self-employed workers indicate having no difficulties in their activity as self-employed, while 15.7% report the periods without work and 13.8% refer to the existence of clients that delay payments or do not pay at all.
- For the own-account workers, the share of those referring the inexistence of difficulties is the same as those mentioning the periods without work (16.8%). For the employers, the share of those indicating not having difficulties is higher (25.1%), followed by the non-payment (or late payment) by clients (22.8%).

3.3 Main reason for not having employees

- From the total of self-employed workers without employees (584.7 thousand), 41.6% declared as main reason for this option the inexistence of enough work. In second and third places, but well behind from the first one, there is the will to work alone (7.8%) and the high social contributions on employees (6.6%).

3.4 Working with business partners

- 14.5% of self-employed workers say they work with a co-owner and 11.7% work with other self-employed workers in a professional network (and 4.4% in both situations), while almost half of them (45.7%) indicate they do not work under neither these circumstances.
- For the employers, the share of those working with co-owners is much higher (34.7%) than the average but lower than the share of those neither working with co-owners nor in a professional network (39.5%). In turn, for the own-account workers, the share of those working with co-owners is practically half the global average (6.8%) and it is higher than the share of those not working with co-owners and/or in a business network (48.1%).

3.5 Plans for hiring employees and/or subcontractors in the next 12 months

- Most self-employed workers do not plan to hire employees nor subcontractors (57.5%).
- This share is slightly higher among own-account workers (58.9%) when compared to the one of employers (53.8%).

4. Self-employed workers and employees

4.1 Job satisfaction and autonomy

- More than four fifths of employed population say they are professionally satisfied to some extent (52.1%) or even to a large extent (31.1%).
- These shares are slightly higher among employees

(54.5% and 33.0%, respectively) and quite lower for self-employed workers (40.6% and 22.1%).

- Three quarters of employed population states they have autonomy to influence both contents and order of tasks (59.4%), only the contents (5.2%) or only their order (10.0%).
- These shares are not that different among employees (56.7%, 6.1% and 11.8%, respectively).
- Among self-employed workers, stands out the high share of those saying they have autonomy to decide both the contents and order of tasks (72.1%), especially own-account workers (93.8%) when compared to employers (63.9%).

4.2 Preferred professional status for the main job

- Almost three quarters (72.1%) of employed population indicated not wanting to change their professional status, 2.4% of self-employed workers declared they would like to be employees and

17.2% of employees (and of unpaid family workers) said they would like to be self-employed workers.

- Considering the previous results, the self-perceived benefits on the larger autonomy of self-employment seem to overcome the smaller job satisfaction revealed.

4.3 Main reason for employees (and unpaid family workers) wanting to be self-employed workers not becoming self-employed in the main activity

- Considering the group of employees (and unpaid family workers) that declared wishing to work as self-employed, the main reasons listed for not changing their professional status are: the financial insecurity associated to self-employment (43.4%) and the difficulty in getting financing for the business (31.8%).

Table 1: Self-employed workers without or with employees by module variables

Portugal	Total	Without employees	With employees	Total	Without employees	With employees
	Thousand people			%		
Number and importance of clients	806.2	584.7	221.5	100.0	100.0	100.0
No clients	9.7	9.0	<i>0.6</i>	1.2	1.5	<i>0.3</i>
Only one client	43.5	39.8	<i>3.7</i>	5.4	6.8	<i>1.7</i>
2 to 9 clients, but 1 was dominant	29.3	24.6	<i>4.8</i>	3.6	4.2	<i>2.1</i>
2 to 9 clients, and none was dominant	86.3	70.1	16.2	10.7	12.0	7.3
10 or more clients, but 1 was dominant	13.7	<i>7.9</i>	<i>5.8</i>	1.7	<i>1.3</i>	<i>2.6</i>
10 or more clients, and none was dominant	427.4	245.4	181.9	53.0	42.0	82.1
No answer	196.4	187.8	<i>8.6</i>	24.4	32.1	<i>3.9</i>
Who decides the daily working hours (a)	796.6	575.6	220.9	100.0	100.0	100.0
The respondent	507.6	322.0	185.6	63.7	55.9	84.0
The clients	49.0	38.2	10.9	6.2	6.6	4.9
Any other party or circumstance	46.5	29.7	16.8	5.8	5.2	7.6
No answer	193.4	185.8	7.6	24.3	32.3	3.4
Economic dependency (of self-employed workers without employees)	584.7	N.A.	N.A.	100.0	N.A.	N.A.
Economically dependent	<i>10.5</i>	N.A.	N.A.	<i>1.8</i>	N.A.	N.A.
Economically independent	574.1	N.A.	N.A.	98.2	N.A.	N.A.
Main reason for becoming self-employed	806.2	584.7	221.5	100.0	100.0	100.0
Could not find a job as an employee	92.3	77.5	14.9	11.5	13.3	6.7
By pressure from the employer	<i>3.2</i>	<i>3.2</i>	-	<i>0.4</i>	<i>0.6</i>	-
It is the usual practice in this economic activity	78.1	61.6	16.5	9.7	10.5	7.4
A suitable opportunity presented itself	167.0	83.9	83.1	20.7	14.3	37.5
To work in or continue the family business	103.9	57.2	46.7	12.9	9.8	21.1
Did not want to or plan to become self-employed, but started working as self-employed for other reasons than the listed previously	36.9	25.8	11.0	4.6	4.4	5.0
Because of flexible working hours	19.6	15.1	<i>4.4</i>	2.4	2.6	<i>2.0</i>
For other reason	103.3	69.1	34.1	12.8	11.8	15.4
No answer	202.0	191.1	10.9	25.1	32.7	4.9
Main difficulty felt as self-employed	806.2	584.7	221.5	100.0	100.0	100.0
Lack of influence on setting the price of own work	34.6	23.0	11.6	4.3	3.9	5.2
Lack of access to financing for the business	23.9	14.2	<i>9.7</i>	3.0	2.4	<i>4.4</i>
Clients paying late or not at all	111.4	60.9	50.5	13.8	10.4	22.8
Inappropriate levels of administrative burden	49.7	24.3	25.4	6.2	4.2	11.5
Lack of income when ill	15.9	13.3	<i>2.6</i>	2.0	2.3	<i>1.2</i>
Periods of financial hardship	36.4	27.0	<i>9.4</i>	4.5	4.6	<i>4.2</i>
Periods when there is no work to do	126.8	98.5	28.3	15.7	16.8	12.8
Other difficulty	47.7	30.0	17.7	5.9	5.1	8.0
Had no difficulties	154.0	98.3	55.7	19.1	16.8	25.1
No answer	205.8	195.2	10.5	25.5	33.4	4.8

Source: Statistics Portugal, Labour Force Survey ad hoc module 2017 on "Self-employment".

Notes:

(a) Self-employed workers that had no clients in the previous 12 months are excluded from the target population of this variable.

The estimates in italic are associated to error margins (coefficients of variation) greater than 20% and, therefore, have less precision.

Table 1 (cont.): Self-employed workers without or with employees by module variables

Portugal	Total	Without employees	With employees	Total	Without employees	With employees
	Thousand people			%		
Main reason for not having employees (of self-employed workers without employees)	584.7	N.A.	N.A.	100.0	N.A.	N.A.
Wants to work alone	45.4	N.A.	N.A.	7.8	N.A.	N.A.
There is not enough work	243.3	N.A.	N.A.	41.6	N.A.	N.A.
Difficulties in finding suitable staff	8.6	N.A.	N.A.	1.5	N.A.	N.A.
The legal requirements for hiring are too bureaucratic/complicated	<i>1.3</i>	N.A.	N.A.	<i>0.2</i>	N.A.	N.A.
The social contributions on employees are too high	38.8	N.A.	N.A.	6.6	N.A.	N.A.
It is not possible to have employees in this type of activity	24.4	N.A.	N.A.	4.2	N.A.	N.A.
Prefers to work with sub-contractors or associates	<i>7.1</i>	N.A.	N.A.	<i>1.2</i>	N.A.	N.A.
Clients want him/herself to do the work personally	<i>6.9</i>	N.A.	N.A.	<i>1.2</i>	N.A.	N.A.
Other reason	22.2	N.A.	N.A.	3.8	N.A.	N.A.
No answer	186.5	N.A.	N.A.	31.9	N.A.	N.A.
Working with business partners	806.2	584.7	221.5	100.0	100.0	100.0
Works together with a co-owner	116.5	39.5	77.0	14.5	6.8	34.7
Works together with other self-employed workers in a network	94.2	72.1	22.1	11.7	12.3	10.0
Both situations	35.3	<i>7.6</i>	<i>27.7</i>	4.4	<i>1.3</i>	12.5
Neither of these situations	368.5	281.0	87.5	45.7	48.1	39.5
No answer	191.8	184.4	<i>7.4</i>	23.8	31.5	<i>3.3</i>
Plans to hire employees and/or subcontractors	806.2	584.7	221.5	100.0	100.0	100.0
Plans to employ permanent employees	22.8	<i>5.8</i>	16.9	2.8	<i>1.0</i>	7.6
Plans to employ temporary employees	41.6	18.3	23.3	5.2	3.1	10.5
Plans to employ both permanent and temporary employees	14.8	<i>2.9</i>	11.8	1.8	<i>0.5</i>	5.3
Plans to hire subcontractors	32.7	18.6	14.1	4.1	3.2	6.4
Plans to hire subcontractors and employ employees	30.8	<i>7.7</i>	23.1	3.8	<i>1.3</i>	10.4
Does not plan to hire employees or subcontractors	463.4	344.1	119.3	57.5	58.9	53.8
No answer	200.2	187.1	13.0	24.8	32.0	5.9

Source: Statistics Portugal, Labour Force Survey ad hoc module 2017 on "Self-employment".

Notes:

The estimates in italic are associated to error margins (coefficients of variation) greater than 20% and, therefore, have less precision.

N.A.: Not applicable.

Table 2: Employed population by professional status and module variables

Portugal	Total	Employees	Self-employed workers		
			Total	Without employees	With employees
Thousand people					
Job satisfaction	4,760.4	3,931.5	806.2	584.7	221.5
Satisfied to a large extent	1,479.8	1,296.2	177.9	99.6	78.3
Satisfied to some extent	2,480.8	2,143.9	327.3	212.8	114.6
Satisfied to a small extent	403.1	327.7	71.3	56.8	14.5
Not satisfied at all	143.3	112.2	29.2	23.8	5.4
No answer	253.4	51.5	200.5	191.7	8.8
Job autonomy	4,760.4	3,931.5	806.2	584.7	221.5
Able to influence both contents and order of tasks	2,828.8	2,231.1	581.5	373.7	207.8
Able to influence contents but not order of tasks	245.5	240.1	<i>5.1</i>	<i>4.1</i>	<i>1.0</i>
Able to influence order but not contents of tasks	476.1	462.1	12.6	<i>9.7</i>	<i>2.9</i>
Not able to influence contents, nor order of tasks	963.9	946.9	13.6	11.3	<i>2.3</i>
No answer	246.1	51.3	193.5	186.0	<i>7.5</i>
Preferred professional status	4,760.4	N.A.	N.A.	N.A.	N.A.
Does not want to change professional status	3,433.2	N.A.	N.A.	N.A.	N.A.
Is self-employed but wishes to work as an employee	115.4	N.A.	N.A.	N.A.	N.A.
Is working as an employee or family worker but wishes to be self-employed	819.0	N.A.	N.A.	N.A.	N.A.
No answer	392.7	N.A.	N.A.	N.A.	N.A.
Main reason for not becoming self-employed (a)	819.0	N.A.	N.A.	N.A.	N.A.
Financial insecurity	355.6	N.A.	N.A.	N.A.	N.A.
Difficulties with getting financing for the business	260.1	N.A.	N.A.	N.A.	N.A.
Too much stress, responsibilities or risk	58.7	N.A.	N.A.	N.A.	N.A.
Less coverage from social protection	24.1	N.A.	N.A.	N.A.	N.A.
Other reason	115.8	N.A.	N.A.	N.A.	N.A.
No answer	4.8	N.A.	N.A.	N.A.	N.A.

Source: Statistics Portugal, Labour Force Survey ad hoc module 2017 on "Self-employment".

Notes:

(a) The target population of this variable corresponds to employees and to unpaid family workers.

The estimates in italic are associated to error margins (coefficients of variation) greater than 20% and, therefore, have less precision.

N.A.: Not applicable.

TECHNICAL NOTE

The main purpose of the Labour Force Survey is to characterise the population in terms of the labour market. It is a quarterly sample survey, addressed to families occupying the same dwelling in the national territory, which makes available quarterly and annual data.

Most of the characteristics observed in this survey report to the situation in one pre-defined week (from Monday to Sunday), known as *reference week*. The reference weeks are uniformly distributed throughout the quarters and years. The interviews usually take place in the week following the reference week.

The information is obtained directly, through computer-assisted interview, by using a mixed data collection mode: the initial interview is done face-to-face by an interviewer visiting the household and the other five interviews are done by telephone, if certain requirements are met.

The Labour Force Survey methodological document is available (only in Portuguese) at:

<http://smi.ine.pt/DocumentacaoMetodologica/Detalhes/1362>

Labour Force Survey ad hoc modules

The ad hoc modules are thematic surveys, of small dimension, on issues considered of interest for the characterisation of the labour market and are intended to supplement the information gathered from the core questionnaire of the Labour Force Survey. The questions of these surveys are meant primarily to obtain more detailed information on a specific topic that will be used to define and/or monitor specifically European policy initiatives. Since they are meant to monitor European public policies, the ad hoc modules are performed every year and their themes are repeated cyclically, depending on the needs and interest of the topic under analysis.

In Portugal, the ad hoc modules are performed together with the Labour Force Survey in the 2nd quarter of each year and are directed to the resident population throughout the national territory.

The extrapolation of the results, such as in the Labour Force Survey, is made from a regional weights system, determined from independent population estimates. These weights are a function of the following variables: NUTS II region by sex and five-year age groups and also NUTS III region (or aggregations) by sex or large age groups.

The methodological choices inherent to the operationalization of the Labour Force Survey ad hoc module 2017 on "Self-employment" are described in the methodological document of this statistical operation available on the Statistics Portugal Portal (only available in Portuguese):

<http://smi.ine.pt/DocumentacaoMetodologica/Detalhes/1446>

Some concepts

Employed: person aged 15 years old or over whom, during the reference period, was in one of the following situations:

- had worked for at least one hour for a wage or salary, in cash or in kind;
- had a formal attachment to his/her job but was temporarily not at work;
- had an enterprise but was temporarily not at work for any specific reason;
- was in early retirement but working in the reference period.

(to be continued)

(continuation)

Employee: An individual who works under the authority and direction of another person, subject to a written or oral employment contract, which give him/her a basic remuneration which is not directly dependent upon the revenue of the unit for which he/she works.

Self-employed person: An individual who pursues an independent occupation, alone or with one or various associates, benefiting from a remuneration that is directly linked to profits (gained or potential) from goods or services produced. The associates may or may not be immediate family members. A self-employed person can be classified as own-account worker or as employer.

Employer: A person who, working on his/her own account and with one or a few partners, obtains remuneration depending directly on (realised or potential) profits resulting from goods or services produced and therefore has engaged one or more persons to work for him/her in his/her business as employees.

Own-account worker: An individual who pursues an independent occupation, alone or with one or various associates, benefiting from a remuneration that is directly linked to profits (gained or potential) from goods or services produced and who, in general, does not hire employees to work with him/her. The associates may or may not be immediate family members.

Unpaid family worker: A person who does independent work for a market-oriented enterprise operated by a family member but who is not his/her associate or bound by an employment contract.

Published data were calibrated by using the population estimates calculated from the final results of Census 2011.

Due to rounding, the totals in tables do not always match the sum of parts.