



## One in five self-employed workers are economically dependent on another entity

In 2017, one in five of the 3.1 million self-employed people in France were economically dependent on a relationship with a client, an upstream organisation, or an intermediary. These relationships of dependency impose constraints: they limit autonomy as regards task content, working hours and price setting.

Dependency on a client is the number one form of dependency, concerning 10% of self-employed people. A higher proportion work in information and communications, transport, and business services, and not only are they constrained as regards their working hours, they also receive insufficient work.

Out of the 7% of self-employed people who are dependent on an upstream relationship, half are farmers and a fifth work in trade. They are more often employers, an incorporated company, have partners, or are members of networks. They have lower educational qualifications. They work more than the others. For a quarter of them, lack of influence over their prices is the main difficulty.

4% of self-employed people are dependent on an intermediary (including a digital platform). That proportion is higher for those who work in the transport, real estate, and information and communication sectors. On average, they work less than the others and a far greater proportion of them would like to work more. One in five claim they have registered with the Public Employment Service, Pôle Emploi, reflecting both a willingness to change jobs and, for some of them, a recent return to work after being unemployed.

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In 2017, in France excluding Mayotte, 3.1 million people, i.e. 11.5% of employed people, regarded themselves as **self-employed** (chart 1). They stated that they worked on their own account, or as the paid head of a company, managing representative or chairman and Chief Executive Officer (CEO) as their main job. Out of all self-employed people, 920,000, i.e. 30%, stated their business was subject to a relationship of dominance with another economic entity, whether a client, upstream relationship or intermediary. A client or upstream relationship (trading group, purchasing alliance, cooperative, franchise, brand licence, lease-management organisation, etc.) is termed dominant if it represented at least 75% of total revenue over the last 12 months. An intermediary (e.g. a digital platform) is termed dominant if it is named as one of the main methods of making contact with customers.

Out of those self-employed people with a relationship of dominance, 620,000,

i.e. 20% of all self-employed, are **economically dependent**: they anticipate significant difficulties that may threaten the survival of their business if this relationship is broken off (for those with a dominant client or in an upstream relationship of dominance), or do not cite

any other access to customers (for those using an intermediary).

Economic dependency only on a client concerns 10% of the self-employed; it is the most frequent form of dependency. 7% of the self-employed depend on an upstream relationship and 4% on an intermediary.

### 1 Self-employed with relationships of dominance or dependency

	Workforce (in thousands)	% among self-employed	% among employed people
<b>Self-employed</b>	<b>3,103</b>	<b>100</b>	<b>11.5</b>
In a relationship of dominance <sup>1</sup>	916	30	3.4
Dependency on this relationship <sup>2</sup>	619	20	2.3
Dependency on a client	295	10	1.1
Dependency on an upstream relationship	203	7	0.8
Dependency on an intermediary	121	4	0.5
<b>All employed people</b>	<b>26,880</b>		<b>100.0</b>

Note: totals may be slightly inaccurate due to rounding.

<sup>1</sup> Upstream relationship or client representing at least 75% of revenue, or intermediary as the main access to clients.

<sup>2</sup> Dominant client or upstream relationship, the loss of which would result in significant difficulties in continuing the business, or intermediary as the sole means of access to clients.

Reading note: 619,000 self-employed people in a relationship of dependency, i.e. 20% of total self-employed and 2.3% of people in work. Of them, 295,000 dependent on a single client.

Coverage: France excluding Mayotte, household population, employed people.

Sources: Insee, 2017 Labour Force Survey and additional module on forms of self-employment.



## Economic dependency and organisational dependency go hand in hand

The bigger the share of their revenues the main client represents, the more the self-employed anticipate significant difficulties if they were to lose this client. That is the case with over two thirds of the self-employed whose main client accounts for over 75% of their total revenue, compared with less than half of those whose main client represents between 50% and 75% of total revenue (*chart 2*). In addition, the higher the main client's share in the business' revenues, the more pressure it exerts on work organisation: 19% of self-employed people who worked for a single client over the last 12 months state that the client determines their starting and finishing times for work, compared with 8% of self-employed people whose main client represents less than half their total revenue for the last 12 months.

Economic dependency also goes hand in hand with organisational dependency in the case of upstream relationships. When questioned about the obligations resulting from upstream relationships of dominance, the self-employed people concerned all cited at least one. They

highlighted constraints regarding prices or rates (76% of them) more often than choice of suppliers, products or services, or the setting of working hours (56% cite at least one of these three constraints). 68% of self-employed in an upstream relationship of dominance anticipate significant difficulties if this relationship is broken off. This proportion increases to 75% where the upstream relationship imposes price obligations. It rises to 85% where a price obligation is combined with an obligation on the choice of suppliers or products, or working hours.

## A customer base consisting more often of companies or administrations

Economically dependent self-employed people do not have the same type of customer base as other self-employed people. They target companies more (48% versus 32% for self-employed people in total) and are twice as likely to target administrations (11% versus 6%). On the flip side, a smaller proportion of them sell their goods and services to private individuals (41% compared with 61%).

On the other hand, economic dependency as a whole appears to have little connection

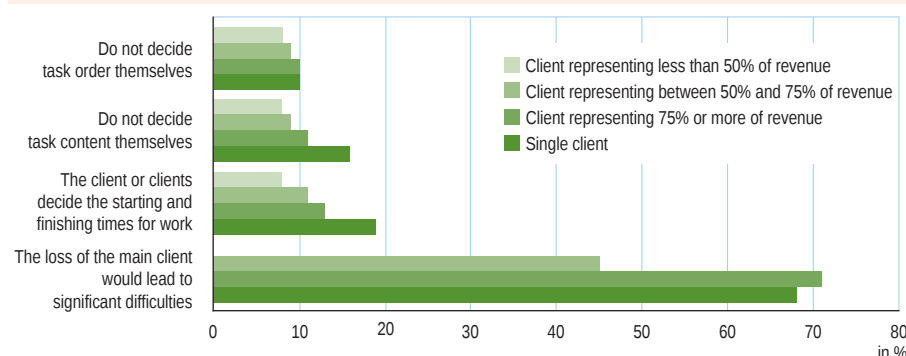
with business status (incorporated company, sole trader or microenterprise) or with whether or not they employ other people (*chart 3*). However, a higher proportion of those dependent on either a client or intermediary are classed as a microenterprise (28% and 36% respectively, versus 23% for all self-employed) and fewer of them employ other people. In contrast, upstream relationships of dependency concern self-employed people who have a greater connection with others: a higher proportion are employers (40% versus 35% for the self-employed in total), incorporated companies (52% versus 42%), have business partners (40% versus 25%) and work in a network (38% versus 27%).

## One in four farmers are dependent on an upstream relationship

Economic dependency is relatively rare among self-employed in trade, construction, household services or administration, teaching and health care (less than 15% of cases; *chart 4*). It is more frequent, on the other hand, in farming, where it concerns 41% of self-employed.

The three sources of dependency (client, upstream relationship and intermediary) weigh differently depending on the economic activity. Dependency on an intermediary is non-existent in trade, where dependency on an upstream relationship is over-represented (9%). Dependency on an upstream relationship is even higher in farming (26%, notably via cooperatives) and financial services (17%). Use solely of an intermediary to gain access to clients (including digital platforms) is more prevalent in the transport sector (16%), real estate (10%), and information & communications (9%). Dependency on a client is more frequent in the information & communications sector (24%), transport (17%) and business services (15%). In socio-demographic terms, economically dependent self-employed as a whole are similar to other self-employed and different from employees: they are older than the latter, with higher educational qualifications, are more often men and more likely to live in rural districts (*chart 5*). These characteristics vary, however, by business sector and by the different forms of dependency. So, those dependent on an upstream relationship, half of whom work in farming, are more likely than self-employed as a whole to live in a rural district, they have lower educational qualifications, are older and three quarters of them are male. In comparison with the self-employed as a whole, a higher proportion of those dependent on a client live in the Paris region (20% versus 14% for all self-employed), are immigrants or descendants of immigrants (23% versus 18%) and have set up or taken over their business more

### 2 Self-employed people's autonomy by main client's influence



Note: the question on the consequences of losing their main client was not asked if the latter did not account for more than 50% of total revenue.

Reading note: 68% of self-employed people with just one client anticipate significant difficulties if they lose that client.

Coverage: France excluding Mayotte, household population, self-employed.

Sources: Insee, 2017 Labour Force Survey and additional module on forms of self-employment.

### 3 Job characteristics for the self-employed, by dependency

	Dependency on a client	Dependency on an upstream relationship	Dependency on an intermediary	All self-employed dependent on a relationship	Total self-employed
<b>Main type of customer</b>					
Administrations, public/semi-public organisations or associations	13	7	12	11	6
Companies or works councils	47	56	37	48	32
Private individuals	40	36	51	41	61
<b>Company</b>					
Incorporated company	39	52	38	43	42
Microenterprise	28	7	36	23	23
Neither a company nor a microenterprise	32	40	26	34	35
<b>Employer</b>					
Works:	27	40	28	32	35
- with one or more partners	14	40	25	25	25
- in a network with other self-employed	15	38	42	28	27

Reading note: administrations, public or semi-public organisations or associations are the main customer base for 6% of self-employed people. This proportion increases to 13% among those dependent on their main client.

Coverage: France excluding Mayotte, household population, self-employed.

Sources: Insee, 2017 Labour Force Survey and additional module on forms of self-employment.

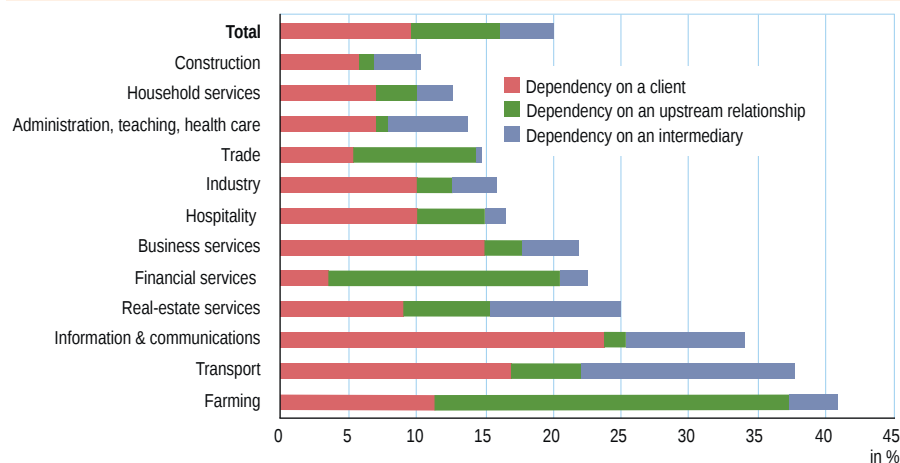


recently: 21% of them have been in this form of self-employment for less than 5 years compared with 17% for all self-employed. This situation of dependency may thus, in certain cases, reflect a lack of clients related with a business being in its early stages. The characteristics of those dependent on an intermediary are even more marked: 22% live in the Paris region, 30% are immigrants or descendants of immigrants and 26% have been in this form of self-employment for less than 5 years. They also have higher educational qualifications: 39% have a degree of higher education, compared with 29% of all self-employed.

### People dependent on an intermediary are more likely to want to work more

Economically dependent self-employed are markedly more autonomous than employees but slightly less so than other self-employed (chart 6). In particular, 19% of those dependent on a client have their working hours determined for them by the client, compared with 9% for all self-employed. People dependent on an upstream relationship suffer more from a lack of influence over prices and rates charged (27% cite this as their main difficulty in the past year, versus 8% for all self-employed), which is a direct consequence of pricing obligations that 83% of them have, due to their upstream relationship. Self-employed claim their **usual working week** amounts to 45 hours. This working week is even longer for those dependent on an upstream relationship (54 hours), notably because a higher proportion of them are farmers and employers. It is far shorter for those dependent on a client (39 hours) and those dependent on an intermediary (38 hours), which is close to that of employees (36 hours on average, taking full time and part time workers together). These reduced working hours

## 4 Relationships of dependency by economic activity



Reading note: 26% of self-employed people in the farming sector are dependent on an upstream relationship.

Coverage: France excluding Mayotte, household population, self-employed.

Sources: Insee, 2017 Labour Force Survey and additional module on forms of self-employment.

## 5 Individual characteristics of self-employed people by dependency

	Self-employed				Total self-employed	Employees
	Dependency on a client	Dependency on an upstream relationship	Dependency on an intermediary	All self-employed dependent on a relationship		
<b>Women</b>	32	27	32	31	34	50
<b>Age</b>						
15 to 29 years	9	6	6	8	7	20
30 to 49 years	44	46	58	48	51	51
50 & over	46	48	36	45	41	29
<b>Length of service of less than 5 years</b>	21	10	26	18	17	23
<b>Level of educational attainment</b>						
More than 2 years of higher education	32	12	39	27	29	23
2 years of higher education	13	16	12	14	17	16
Baccalaureate school leaving certificate	19	26	18	21	19	22
Vocational/technical school leaving certificate	20	28	18	22	22	23
No qualifications or certificate	16	16	13	15	13	16
<b>Immigrant or descendant of an immigrant</b>	23	10	30	20	18	19
<b>Size of urban unit</b>						
Rural district	23	49	33	34	31	24
Urban unit (excluding Paris)	57	41	45	49	55	58
Paris region	20	10	22	17	14	18

Reading note: 34% of the self-employed are women and 66% are men.

Coverage: France excluding Mayotte, household population, employed people.

Sources: Insee, 2017 Labour Force Survey and additional module on forms of self-employment.

## 6 Self-employed people's working hours, autonomy and desire for change, by dependency

	Self-employed				Total self-employed	Employees
	Dependency on a client	Dependency on an upstream relationship	Dependency on an intermediary	All self-employed dependent on a relationship		
<b>Hours usually worked per week</b>						
Less than 35 hours	27	6	29	21	19	19
35 to 49 hours	32	31	37	33	36	72
50 hours or more	39	62	33	46	44	7
<b>Would like to work more hours*</b>	15	5	24	14	13	19
<b>Choice of working hours</b>						
The client or clients decide working hours	19	7	13	14	9	///
Hours are determined by another factor	2	10	4	5	4	///
<b>Cannot influence task content themselves</b>	11	11	15	12	9	38
<b>Cannot influence task order themselves</b>	8	10	9	9	8	33
<b>Main difficulty: lack of influence on pricing</b>	11	27	7	16	8	///
<b>Would like another job, in addition to or instead of current job</b>	4	5	14	6	7	13
<b>Registered with public employment agency (self declared)</b>	8	4	20	9	6	8

\* With corresponding change in income. Note: questions on choice of working hours and the main difficulty faced were only put to self-employed people.

Reading note: 19% of self-employed people usually work less than 35 hours a week. Coverage: France excluding Mayotte, household population, employed people.

Sources: Insee, 2017 Labour Force Survey and additional module on forms of self-employment.



## The difficult measurement of self-employed workers' economic dependency in Europe

In 2017, self-employed workers represented 11.5% of employed persons in France, compared with 14.5% in the European Union (EU). This figure exceeds 20% in Greece and Italy. On average in the EU, 18% of the self-employed have a dominant client (a single client or one representing at least three-quarters of their income). The proportion is the same in France; it is slightly lower in Germany (15%) or Spain (13%), but much higher in the United Kingdom (29%) or Sweden (25%). Among these self-employed with a dominant client, an average of 22% in the EU report it determines their working hours, versus 15% in France.

Beyond these figures on dominant customers, European comparisons are more problematic. Indeed, the European questionnaire, which is less comprehensive than the French edition, does not allow measuring dependency as defined in this study. In the latter, the notion of dependency is limited to an economic approach (measured by the difficulties anticipated in the event of a relationship breakdown) and takes a broader approach to relationships (including, beyond clients, upstream relationships and the use of an intermediary). The definition adopted by Eurostat is very restrictive and adds in particular organisational criteria: self-employed workers are considered dependent in the meaning of Eurostat if they do not have any employee and have a dominant client who determines their working hours. With this definition, the economically dependent self-employed represent 3% of the self-employed (2% in France and 7% in the United Kingdom) and 0.5% of the employed in Europe.

are not always chosen: 15% of those dependent on a client and 24% of people dependent on an intermediary would like to work more, compared with 13% of all self-employed. Among self-employed who do not have any employees, 39% of those dependent on a client say the main reason for not recruiting anyone is a lack of work, compared with 32% for all self-employed. Self-employed more often have non-standard working hours: 75% worked in the evening, at night or at the weekend in the last three months, versus 42% for employees. This percentage is lower for self-employed people dependent on a client (68%) and those dependent on an intermediary (61%).

When questioned about their main difficulty, 7% of those dependent on an intermediary cited lack of sick pay (versus 4% for all self-employed) and 18% mentioned periods of financial hardship (versus 9%). Moreover, 42% earn less than 10,000 euros a year, compared with an average of 31% of all self-employed, a difference that is at least partly due to the lower number of hours worked. They more often do a second job in addition to their main form of self-employment, with 14% of them wanting another job in addition to or instead of their current one (compared with 7% of all self-employed) and 20% claim they have registered with the Public Employment Service, Pôle Emploi (versus 6% of all self-employed people). This proportion reflects a looser link with employment: 12% say they

were unemployed one year earlier, compared with just 3% of all self-employed. ■

## Sources

The **ad-hoc module of the 2017 Labour Force Survey** on forms of self-employment was conducted by Insee throughout 2017 among people in work, living in ordinary accommodation in France, excluding Mayotte. This module was funded by the European Union. The questionnaire is coordinated on a European-wide basis, with some additional questions asked in France. In total, 3,679 self-employed people responded to the module. The differences commented upon in this study are significant all else being equal, with control variables including, in particular, the economic activity, legal status and being an employer.

## Definitions

**Person employed in the sense of the ILO:** anyone who worked at least one paid hour in the reference week, or was temporarily absent from their job.

**Self-employed:** employed person, professing to work on their "own account", or as the "paid head of a company, managing representative or chairman and CEO" (as their main job, where they have more than one), pre-alignment with the occupation.

**Economically dependent self-employed:** self-employed people described the nature

of their relationship with various entities, in order: clients, an upstream entity (trading group, purchasing alliance, cooperative or other form of group, franchise, brand licence, lease-management organisation, etc.), or an intermediary to gain access to clients. In order to form exclusive categories, preference is given to the answer related to the last entity:

- those who say they rely on an intermediary as their sole means of access to their customer base are termed **dependent on an intermediary**;
- those who are not dependent on an intermediary but who have an upstream relationship that represents at least 75% of their revenue and who anticipate significant difficulties if they lose this relationship are termed **dependent on an upstream relationship**;
- those who are not dependent on an intermediary or an upstream relationship but whose main client represents at least 75% of their revenue and who anticipate significant difficulties if they were to lose this client are termed **dependent on a client**.

**Usual working week:** amount of time worked in a week in which there was no exceptional event, including regular overtime.

## For further information

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