

Self-employment in historical perspective

June 1–3, 2016

Global Collaboratory on the History of Labour Relations Workshop

International Institute of Social History, Amsterdam

Introduction

The *Global Collaboratory on the History of Labour Relations* is organizing a series of workshops on shifting labour relations in the world over the past five centuries. Labour relations define for or with whom one works<sup>[1]</sup>. This perspective is analogous to that of contemporary studies on employer-employee relations, labour relations distinguish between many more types of relationships between persons working for or alongside each other. This workshop is the fourth in the series and focusses on shifts in and out of self-employment. Self-employment is an interesting labour relation, as self-employment allows people to earn a living, while to a large extent surpassing (im)plicit expectations about, for example, educational training and past experience, that usually are required to obtain a position on the labour market. While in some instances self-employment is intentional, not seldom self-employment is the result of exclusion from the labour market, for example due to discrimination on grounds of sex, ethnicity or religion. Nevertheless, in both the voluntary and involuntary case, self-employment provides access to means of living when regulated access to the labour market is impaired by respectively (in)formal exclusion or personal preferences.

The advantage of self-employment, avoiding (in)formal regulations to attain access to means of living, is juxtaposed with the disadvantage of not being able to call on the benefits that such regulations provide. Part of the current debate on the increasing number of self-employed focusses on their relatively deprived positions, as self-employed are less likely to afford mortgages or pension plans, a result of their unregulated and therefore unsecure labour market position. But also in societies where reciprocal labour was common, detachment of the household might have allowed for new opportunities due to a decrease in informal obligations to that household, while imposing new risks, as securities that were provided by the household, such as food and shelter, could no longer be called upon. Thus, it appears likely that in every society, self-employment as a way to escape (in)formal regulations is juxtaposed with the lack of security that such regulations provide.

In comparative studies of the evolution of labour relations in the West and the Global South, self-employment appears to become a critical turning point. In the United States and Western Europe labour relations gradually shifted from reciprocal, tributary and unfree labour towards wage labour, the latter partially dissolving into self-employment only after the 1970s (depending on the country or region). Traditionally the Global South has been expected to follow this pattern. During the period of colonization wage labour intensified following a Western pattern, but earlier and especially much more radically than in the West, self-employment in the Global South started to increase again. Thus the trend towards self-employment in the West is now following up on the trend in the Global South. It is the mechanisms behind a reverse in trends like this, that the *Global Collaboratory on the History of Labour Relations* is interested in to describe and explain.

For their study the *Global Collaboratory on the History of Labour Relations* uses a taxonomy to distinguish between twenty different labour relations (see Figure 1). It is important to note that *non-working* are also included as a category. By doing so, researchers are urged to think about the labour relations of all of the populations, rather than to come up with an isolated estimate of a particular type of work. That is, based on new historical materials it might be compelling to argue that the proportion of people working for the market was much larger, but by looking at the entire population the researcher is triggered to also answer the question from which part of the population the additional market oriented labour is coming. Among the twenty labour relations, self-employed are represented in group 12a 'Self-employed leading producers' and 12b 'Self-employed kin producers', or, when the products of labour are not brought to the market but are produced for self-sufficient households, group 4a 'Household leading producers' and 4b 'Household kin producers'. Self-employed leading producers (12a) are those who produce goods or services for the market, while having three or less employees. When these employees are household members of the self-employed leading producer, they are considered to be self-employed kin producers (12b). (Non-related employees are considered as wage earners for the market (14)). Those who work on own account but have more than three employees, are considered 'Employers' (13).

Taxonomy of Labour Relations

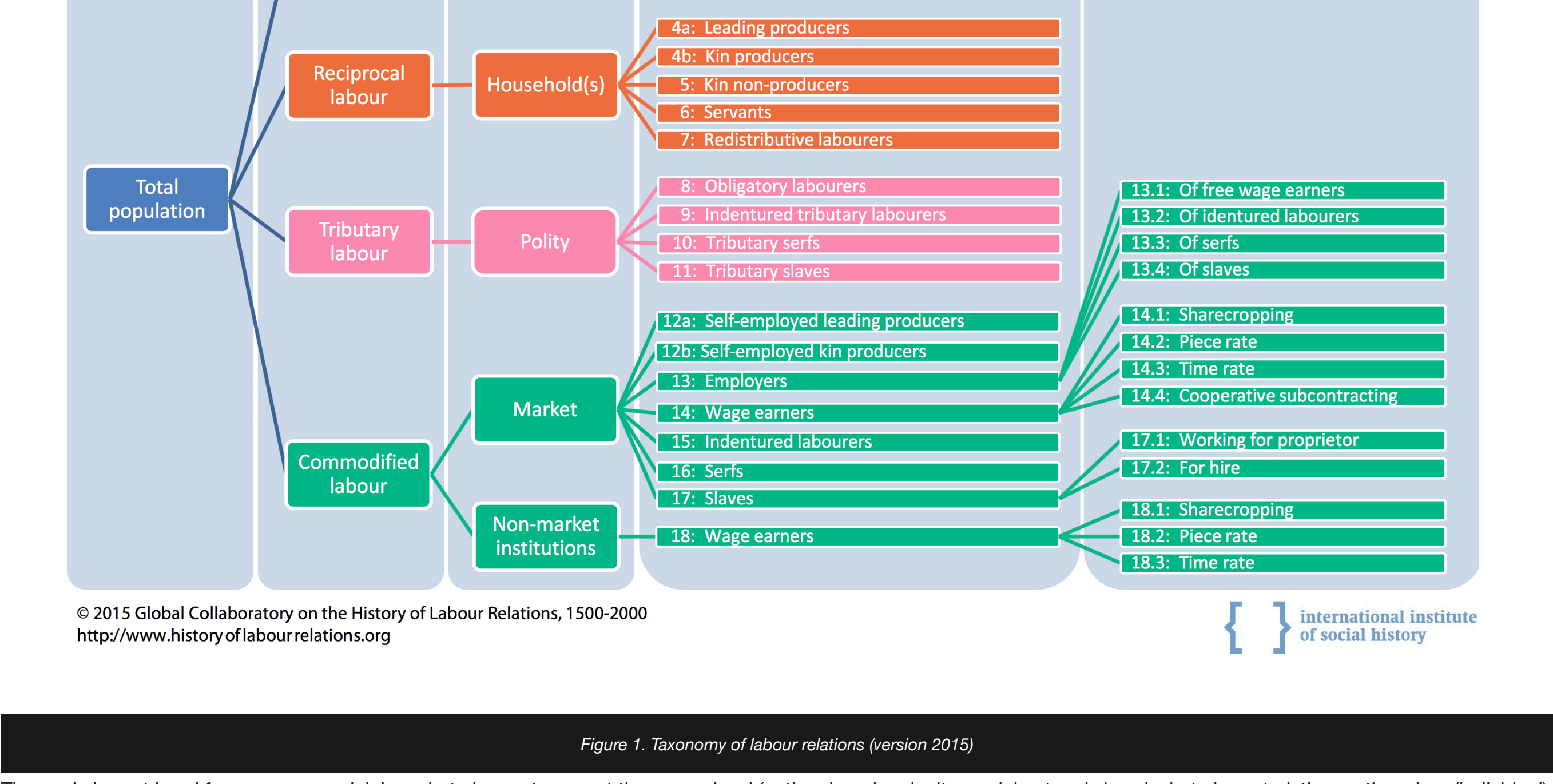


Figure 1. Taxonomy of labour relations (version 2015)

The workshop at hand focusses on explaining what circumstances at the macro level (national, regional, city, social networks) and what characteristics on the micro (individual) level create opportunities and barriers for the push into or out of self-employment. By using historical data, we are able to describe long term patterns in self-employment and moreover to test the universality of mechanisms found in contemporary research. Workshop participants may for example focus on how government regulation or crises, may push or pull people into self-employment. As an example one could think of the midwives in the US that were pushed out of self-employment due to government regulation of the profession in the 1920s which gave rise to the wage earning nurse-midwife. As another example, one could look at the *timing* of such government regulations within the life course and how they affected the push out of self-employment differently at different ages. To study such mechanisms in self-employment from a historical perspective we propose five different sessions representing a descending level of abstraction (see Table 1).

Session	Topic
Session 1	Mechanisms of shifts in and out of self-employment
Session 2	Macro: shifts in labour relations
Session 3	Micro: shifts in labour relations
Session 4	Social structures of self-employment
Session 5	Self-employed as a life-course strategy

The first session focusses on the theoretical underpinnings of self-employment. It highlights mechanisms related to the juxtaposition 'free choice' (pull) and 'lack of security' (push) due to the absence of (in)formal rules regarding self-employment. Generally accepted is that those workers of a higher age, white, male, and working in agriculture, construction, or services, are more likely to be self-employed. Self-employed workers, on the long run, usually fair worse - financially - than wage earners. Almost half of the ventures of self-employed do not last longer than a year, as by-and-large the workers return to wage earning jobs. The most successful self-employed workers have had no experience with unemployment; had quit their previous job; and started with some capital. Moreover, self-employment may be more beneficial to workers of privileged families than those of lower socioeconomic backgrounds. Cultural, social and familial backgrounds (influencing both human capital and for instance capital constraints) also influence the self-employment rate, although there can be much difference in between the groups. Education is an important factor, with both lower and higher levels of educational attainment being more likely to become self-employed. Apparently, however, the role of education is diametrically different from each other in Europe and the United States (which may indicate that institutional factors are at play; a factor that is underrepresented in current literature).

The correlation with unemployment is more contested. This is probably because the correlation is both influenced by parallel procyclical (revenues of self-employed businesses decrease) and countercyclical responses (more un- or underemployed people seek work as self-employed workers) to economic cycles. This issue, of course, is directly related to the question of free choice or lack of options when it comes to choosing self-employment. The fact that, at least in the United States, self-employment is more likely than wage earning to be passed on from one generation to the next seems to imply that there is an advantage of choosing for self-employment. However, in Africa, where the informal sector is much larger, this correlation cannot be reproduced. Only in those cases where the next generation chooses the same occupation (involving a specific skillset for that profession, not 'entrepreneurial skills' in general) some advantage can be detected.

This makes it clear that the analysis of self-employment as one specific labour relation is made difficult by different characteristics of both the group of self-employed workers and their qualification in sources, an issue that is often raised in literature. "Self-employed" can be an aggregate value that encompasses many different backgrounds. It seems important therefore to distinguish between self-employment and entrepreneurship (a character trait that can also be applied to wage earners); self-employed, unpaid family workers, and employers (as presented in our taxonomy); and perhaps certain professions/sectors.

We invite speakers in the first session to focus on the mechanisms, both mentioned here and otherwise, that influence self-employment rates in different parts of the world. Substantively, such mechanisms might explain differences between rural and urban settings, gender differences or age in labour relations. In addition, we much welcome studies on mechanisms behind shifts in labour relations either directly, or indirectly through temporal occupation of multiple labour relations. In order to prevent specific occupational developments distorting the analyses, we would like speakers to distinguish between self-employed working in agricultural and non-agricultural sectors.

The second and third session focus on self-employment as an outcome on respectively the macro or micro level. Since historical data often lack the detail to make inferences about individuals, studies focusing on how national or regional averages in self-employment fluctuate are welcomed in session 2. We very much welcome contributions that compare shifts in and out of self-employment in several countries or regions, especially if such a comparison is made over time. For session 3, we invite papers focusing on how mechanisms leading to self-employment may change. For example, whether the importance of economic or social capital changes over time. While in session 3 the outcome variable should be on the individual level, determinants may be on any level. In that sense, we especially welcome studies that highlight the interplay of macro and micro determinants of self-employment. As an example of such a study, one could think of how state regulation affects the influence of age or sex on self-employment

Session four and five are specific instances of respectively session two and three. Session four focusses on a particular micro-level phenomenon namely varying levels of exposure to self-employment over the life-course. Here the idea is to study how the various stages in life (e.g. age, marital status) influence which people go into, or out of self-employment, for example, due to by-employment at the age of retirement. In session five the focus is on how social structures, on whatever macro level (country, region, social network) influences self-employment. We invite researchers to make clear and concise hypotheses, possibly combining several theories to derive and test hypotheses. To illustrate, religious affiliation is linked to social group norms and social structure. These also include norms on work ethic, for example on norms of female labour force participation. Paper givers might focus on how differences between religious groups, or changes in religious affiliation over time, may affect self-employment choices for women or other social groups.

Preliminary schedule

Time	Title	Topic (to be announced)
12.30–14.00	Welcome and lunch	
14.00–14.15	Introduction to the workshop	
Session 1:	<b>Mechanisms of shifts in and out of self-employment</b>	
14.15–15.00	Talk 1	
15.00–15.45	Talk 2	
16.00–16.45	Talk 3	
16.45–17.30	Talk 4	
18.00 -	Drinks and dinner	
Session 2:	<b>Macro: shifts in labour relations</b>	
09.15–09.30	Coffee	
09.30–10.15	Talk 5	
10.15–11.00	Talk 6	
11.45–13.00	Talk 7	
13.00–14.00	Lunch	
Session 3:	<b>Micro: shifts in labour relations</b>	
14.00–14.45	Talk 8	
14.45–15.30	Talk 9	
15.30–16.00	Coffee	
Session 4:	<b>Self-employed as a life-course strategy</b>	
16.00–17.15	Talk 10	
17.15–18.00	Talk 11	
19.00 -	Conference dinner	
Session 5	<b>Social structures of self-employment</b>	
09.15–09.30	Coffee	
09.30–10.15	Talk 12	
10.15–11.00	Talk 13	
11.45–13.00	Talk 14	
13.00–13.30	Plenary discussion and conclusions	
13.30–14.30	Lunch and good bye	

Temporary: proposed speakers

Time	Title	Topic
12.30–14.00	Welcome and lunch	
14.00–14.15	Introduction to the workshop	
Session 1:	<b>Mechanisms of shifts in and out of self-employment</b>	
14.15–15.00	Blanchflower	Contemporary cross-national comparisons
15.00–15.45	Hofmeester / Lucassen	1500–2000 global shifts
16.00–16.45	Bögenhold	Contemporary cross-national comparisons
16.45–17.30	Vanhaute	Self-employment and agriculture
18.00 -	Drinks and dinner	
Session 2:	<b>Macro: shifts in labour relations</b>	
09.15–09.30	Coffee	
09.30–10.15	Stapel & Zijdeman	IPUMS International
10.15–11.00	Dawson	UK, regional comparison, 1999–2000
11.45–13.00	Fritsch & Wyrwich	Germany, regions, long 20th century
13.00–14.00	Lunch	
Session 3:	<b>Micro: shifts in labour relations</b>	
14.00–14.45	Kessler	Russia, 1700–2000
14.45–15.30	Parker	UK 1990, BHPS, detailed individual data
15.30–16.00	Coffee	
Session 4:	<b>Self-employed as a life-course strategy</b>	
16.00–17.15	Schuetze	Self-employment and old age
17.15–18.00	Nordman & Pasquier-Doumer	West Africa, 21st c, family networks, shifts in LRs
19.00 -	Conference dinner	
Session 5	<b>Social structures of self-employment</b>	
09.15–09.30	Coffee	
09.30–10.15	Junfu Zhang (USA) juzhang@clarku.edu	China, 2009–2014, social networks
10.15–11.00	Jan Lucassen – Lipper data	Germany, 1 city, long 18th century
11.45–13.00	W. David Allen (USA, Huntsville)	US, 1 city, ca. 2000, detailed context
13.00–13.30	Plenary discussion and conclusions	
13.30–14.30	Lunch and good bye	

Backup or other options: Eric Vanhaute (agriculture) Chris Minns (<http://www.lse.ac.uk/researchAndExpertise/Experts/profile.aspx?KeyValue=c.minns%40lse.ac.uk>) Zijdeman & Stapel: US, long 20th century, households Een hele goede optie is ook Henrekson (zie artikel). Jacques van Gerwen?

1. Labour relations define for or with whom one works and under what rules. These rules (implicit or explicit, written or unwritten) determine the type of work, type and amount of remuneration, working hours, degrees of physical and psychological strain, as well as the degree of freedom and autonomy associated with the work. ➡