

THE SOLO SELF-EMPLOYED AND INTRINSIC FINANCIAL SECURITY: DOES THE PROMOTION OF SELF-EMPLOYMENT INSTITUTIONALISE DUALISATION?

ABSTRACT

Self-employment has been promoted as a path to gainful employment in Finland and elsewhere. But recently there has been increasing concern in Finland about the position of the self-employed, particularly the solo self-employed, who are often insecure, especially in terms of their financial situation. This study discusses the dualisation of labour markets and the intrinsic dimension of financial security among the solo self-employed. Using survey data on solo self-employment in Finland, the study finds that financial insecurity is particularly experienced by solo self-employed people who start a business because of a lack of other employment opportunities.

INTRODUCTION

Across Western countries, self-employment is promoted as a way to enhance economic sustainability and a route into employment (de Jager et al. 2016; Binder & Coad 2016), and approximately 15 percent of all European workers in self-employment and proportion has been slightly increasing since 2000 (Horemans & Marx 2017). Not all research, however, finds a direct link between self-employment, economic growth and individual economic well-being (Lee-Ross 2015, 1094), and recently there has been

increasing concern about the position of self-employed people (Wall 2015). At the individual level, self-employment has been described as a double-edged sword (Prottas & Thompson 2006): starting a business can include making sacrifices in one's finances and health, but it may be experienced as worth the sacrifice, because of the autonomy of the work, for example (Salt & Lee 2014). In particular, solo self-employment – that is, working alone, without paid employees – has been called 'the emergent regime of precarious employment' (Wall 2015), even as the number of solo self-employed people has been increasing (Horemans & Marx 2017; Lincoln & Raftery 2011; Spreitzer et al. 2017, 477). The proportion of solo self-employed among all self-employed stood at around 71% in EU-27 area (Horemans & Marx 2017). Solo self-employment has not been studied extensively (Jager et al. 2016).

Self-employment is promoted in Finland as well as other countries. Finland's current government programme under Prime Minister Sipilä has taken special action to enhance employability through self-employment. Thus it seems there is a paradox: self-employment is being promoted, but research has found it to be a precarious form of employment. This raises the question: what is the position of the self-employed? This article argues that these paradoxical developments should be analysed using theories about the division of the labour market, such as labour market segmentation and dualisation (Yoong & Chung 2015; Emmenegger et al. 2012), and that it is interesting to link these to the institutionalisation of dualism (Palier & Thelen 2010). The article introduces these labour market discussions as a background. Empirically, the article is interested in the characteristics of the solo self-employed in Finland, and in which solo self-employed people experience financial insecurity. The study therefore contributes to the understanding of the institutionalisation of economic hardship or even poverty.

The article proceeds as follows. It first discusses labour market segmentation, dual labour markets and precarious work, as well as the institutionalisation of dualism, as useful

theoretical frameworks for understanding labour market divisions. Thereafter it reviews research on solo self-employment, particularly on the reasons for starting a business and the self-reported financial security of the self-employed. After presenting the theoretical background, the article introduces its research aims, data and methods. The empirical analysis concentrates on the characteristics of the solo self-employed and the intrinsic dimension of financial security among them. Finally, the article makes some concluding remarks.

DUALISATION OF EMPLOYMENT AND GROWING VULNERABILITY

Employment is at the core of the adult life course, providing income and social security. However, not all employment secures social and economic security (Kalleberg 2009; Standing 2011; Vosko 2006). There has been a general concern across Western countries, including in Europe, about the increase in the so-called working poor (Eurofound 2017; Horemans & Marx 2017) and the growing diffusion of employment arrangements. In particular, there has been an increase in underemployment across Europe, and an increase in self-employment as well as zero-hour contracts (Eurofound 2017; Spreitzer et al. 2017).

Self-employment has been a focus of the analysis of growing inequality and vulnerability (Caraher & Reuter 2017; Horemans & Marx 2017), and has even been conceptualised as an ‘emergent regime of precarious employment’ (Wall 2015). This is because self-employment today is not always linked to a good or stable financial situation, or with the social standing that has traditionally been associated with self-employment. These new forms of employment are distinctly different from the so-called traditional employment contracts of ‘core’ workers, who occupy a good labour market position and whose work contract is conceptualised as the standard employment relationship (SER) (Supiot 2001). Nevertheless, it needs to be recalled that there has been no radical destruction of the SER:

continuous full-time contracts continue to be usual (Pyöriä 2017; Eichhorst & Tobsch 2015; Yoon & Chung 2015).

Labour market policies and social security, for example, can be used to protect certain groups of workers. Some claim that the position of the SER is in fact protected by traditional labour market institutions and social security, and that this can have the effect of strengthening inequalities between workers (Hipp et al. 2015, 355-356). Equally, it has been suggested that the protection of the SER creates secondary labour markets and may push individuals into self-employment (Warr & Inceoglu 2017). All in all, it seems that although many are employed in the SER, it is equally true that the proportion of those working in alternative work practices has increased, and that this is strengthening the segmentation of labour markets.

Segmentation of labour markets

Several theoretical frameworks have been used to define the structural and qualitative differences taking place in the labour markets. These include dualisation theory and labour market segmentation, as well as precarious work and precarisation. All of these are commonly used to describe divisions within labour markets, but their focuses vary (Barbier 2011). According to Emmenegger and colleagues (2012), the difference between them lies in what is being analysed: dualisation theory is interested in the *policies* that create differences in labour markets, while segmentation research is interested in the *structural differences* among labour markets groups, and in the *outcomes* of the policies that create those differences (Emmenegger et al. 2012). Research on precarious work and precarisation in turn aims to capture the *insecurity* linked with employment and work practices (Hipp et al. 2015, 355; Prosser 2015; Standing et al. 2011). Nevertheless, all these concepts are used in a similar vein, and dualisation in particular is often used as a synonym for segmentation (Hipp

et al. 2015). In this article, we want to draw a conceptual distinction between the two, to highlight that policy also plays a role and can create dualisation.

In his influential work, Piore (1980) describes dualisation in the labour market as arising when a proportion of the employed are protected from the uncertainty and variability of demand (the primary labour market) while others must adapt to fluctuations (the secondary labour market). The allocation of the labour force into these segments follows economic, political and social resources and the division of power. Therefore, economic fluctuation alone does not explain these divisions, and certain groups are more prone to fall into the secondary segment. Women, the young and immigrants are groups that often fall into secondary labour markets (Emmenegger et al. 2012, 12-13). Yet these segments are not necessarily stable: Kalleberg (2011) has also noted a ‘scissors effect’ between men and women that is transforming traditional divisions. The share of women holding bad jobs (low incomes, adverse working conditions) is on the decline, whereas men increasingly find themselves in such work situations. The fluctuating patterns of division accentuate the dynamic nature of these changes, and the importance of analysing within-group differences.

Institutionalisation of dualism

Social security is based on the ideal of a normal life course, and aims to provide security for individuals and families in situations where they are unable to provide economic security for themselves. This assumption of a normal life course might have paradoxical consequences. It may create a dualisation in welfare benefits and social policy (Palier & Thelen 2010; Yoon & Chung 2015), and in the extent to which people are actually protected by them. This is because welfare benefits are parts of a complex institutional system that interact (Biegert 2017; Hall and Soskice 2001) but not necessarily in a complementary way. Biegert (2017) in particular speaks of insiders and outsiders of institutions – for example,

among recipients of unemployment benefits, where some are entitled to certain benefits and others are not on the basis of their labour market status.

The systematic processes that divide individuals into segments through (social) policy can be conceptualised as the institutionalisation of dualism (Palier & Thelen 2010; Emmenegger et al. 2012). This concept is useful for understanding how various societal institutions create differences between individuals that result in inequalities, both within the social security system and in society overall (Emmenegger et al. 2012). The core is that ‘dualism is explicitly underwritten by state policy’ (Palier & Thelen 2010, 119). The institutionalisation of dualism is not a static circumstance, but a process that might result in the regeneration, expansion or narrowing of differentiation. Palier and Thelen (2010) explain that the framework is based on the labour market segmentation theory of the 1970s and early 1980s. While this concentrated on the positions of workers in labour markets, segmentation was not deliberately enforced by policy. Currently, the researchers claim, ‘trends point to a more durable new pattern based on a stable crossclass coalition, progressively institutionalised across successive institutional domains and increasingly underwritten by state policy’ (Palier & Thelen 2010, 120), and the deregulatory strategies of policy is a significant driver leading to segmentation and increase of precarious work (Prosser 2015). Given the extensive promotion of self-employment across Western countries, in this article we suggest that the institutionalisation of dualism framework is useful for understanding current labour market trends.

A TRAP OR A BLESSING: WHO BECOMES SELF-EMPLOYED AND WHY?

Self-employment is often linked to various positive factors, such as autonomy, flexibility and economic affluence; however, these are not always the reality in practice (Jaeger et al. 2016). Because of these positive connotations linked to self-employment, and

because of e.g. higher job satisfaction among the self-employed (Warr & Inceoglu 2017), it has traditionally been connected to the 'inner circle' or 'insiders' of labour markets (Conen et al. 2016, 6; Warr & Inceoglu 2017). This image has now eroded or at least become multidimensional, and the solo self-employed in particular increasingly fall outside this group. For example, it has been reported that the service economy and just-in-time production models tie self-employed people tightly to the needs of their customers, and to inflexible and unautonomous work (Annink & den Dulk 2012; Hilbrecht & Lero 2014). This has even been conceptualised as 'a paradox of self-employment' (Jaeger et al. 2016).

Individual-level reasons for starting a business are commonly presented in research as 'push' and 'pull' factors (Hilbrecht & Leno 2014; Lee-Ross 2015; Binder & Coad 2016; Jaeger et al. 2016). Push factors include, for example, a lack of employment opportunities and dissatisfaction with one's working conditions, as well as career impediments (Lee-Ross 2015; Tervo & Haapanen 2007). Pull factors may include the possibility of more flexible or autonomous working conditions (Hilbrecht & Leno 2014). The reasons for becoming self-employed may be associated with one's individual circumstances, one's socio-economic environment, or the macroeconomic situation, such as a high unemployment rate (Warr & Inceoglu 2017). Empirically, these have been analysed with regard to expected income, available capital, family status, local labour market conditions and work satisfaction, for example (Tervo & Haapanen 2007; Spreitzer et al. 2017).

In Finland, Pärnänen and Sutela (2014) suggest that the assumption of a clear division between push and pull factors neglects the extent to which the process of becoming self-employed is more than a zero-sum game. Using empirical data, they argue that various reasons play a role in a person's becoming self-employed. These include opportunity, drift and coincidence, all of which may play a role in the process of starting a business. Furthermore, research has concluded that contextual factors alone (such as the

socio-economic environment and macroeconomic situation) are not predictors of self-employment; there is also a need for an internalised, subjective ‘entrepreneurial’ spirit, and routes to self-employment take individualised paths (Spreitzer et al. 2017; Conen et al. 2016; Lee-Ross 2015).

In addition to push and pull factors, there is also a qualitative difference between the ‘voluntary’ and ‘involuntary’ self-employed that differentiates the motives and experiences of those who become self-employed (Binder & Coad 2016; de Jager et al. 2016). The voluntary self-employed are those who choose to become self-employed; the involuntary are those who have been forced into this alternative because of a lack of employment opportunities, or because of company outsourcing, for example (Jaeger et al. 2016). It is noteworthy that among the involuntary self-employed, the proportion of those who would rather be employed as salary earners has been increasing (Conen et al. 2016).

There are some individual differences that play a role in who becomes self-employed. Women and men present different reasons for starting a business. Men are more likely than women to enter self-employment because they prefer the position of being self-employed, while women’s motives are attached to family characteristics (Marshall & Flaig 2014, 314; Tervo & Haapanen 2007).

Financial situation of the self-employed

Research findings suggest that self-employed people earn less compared with salaried employees (Warr & Inceoglu 2017). The solo self-employed in particular earn less than salaried employees (Conen et al. 2016). A study comparing German and Dutch solo self-employed people with salary earners in those countries found that the solo self-employed had lower median net hourly earnings than salaried employees in similar positions. Furthermore,

incomes seem to be more polarised among the solo self-employed than among salaried employees (Conen et al. 2016). Horemans and Marx (2017, 29-30) study reports that 41.3 percent of self-employed, compared to 19.0 percent of employees, belonged to the low-income group. Among solo self-employed the proportion stood at 41.3 percent, compared to 19.4 among those self-employed with employees. Albarran and colleagues' (2009) study on Spain, which looked at total household income, also concluded that the income of self-employed households was consistently below that of salaried households, and further that it showed greater variation than that of employees.

All in all, there is a gender earnings gap among the self-employed: men earn more than women (Konietzko 2015, 64-65). This gender gap has been explained by restrictions in women's abilities to engage in business activities due to time obligations such as those imposed by household work and care responsibilities in the family, as well as differing motivation for starting a business. Women's motivation might relate to care responsibilities (Wall & Inceoglu 2017; Marshall & Flaig 2014, 314; Tervo & Haapanen 2007). Another explanation may be unequal access to financial resources and business loans (Konietzko 2015). Sectoral differences also need to be taken into account. Women's and men's businesses are located in different sectors: women's businesses are more likely to be associated with household labour and care, a sector in which the level of income may remain low (Hundley 2000).

Family characteristics affect self-employed men's and women's earnings differently; having children increases the incomes of men, but decreases those of women (Konietzko 2015, 64; Marshall & Flaig 2014, 314; Hundley 2000, 111-112). Among women, marriage negatively affects income levels among the self-employed, suggesting gender-role specialisation among married women (Marshall & Flaig 2014; Young & Wallace 2009; Wall & Inceoglu 2017).

It is important to identify the heterogeneity of the self-employed, i.e. within-group differences (Horemans & Marx 2017). Solo self-employed people are often among the most precarious of the self-employed, as they are less likely to have adequate income or benefits or to belong to an association, and they face the most insecurity in terms of the continuation of their business (Vosko & Zukewich 2006; Wall 2015, 223).

Regardless of the plentiful research making income comparisons between the self-employed and salaried employees, it should also be recognised that income is difficult to study and compare. Some even claim that there is inconclusive evidence on the income levels of the self-employed, especially as income varies over time; initial mean income levels will be lower than those of people with longer business tenure (Conen et al. 2016, 57).

The focus and method of analysis is also important. Some research suggests that linkages between low income to living standards and consumption is not necessarily clear (Sevä Johansson & Larsson 2015; Horemans & Marx 2017). Sevä Johansson and Larsson's (2015) study finds that while income poverty is more prevalent among the self-employed compared to employed, their living standards were equal to those who are employed. This was explained by the measure used to define poverty that did not reflect living standard as such.

While research on self-employment and precariousness typically analyses extrinsic characteristics – including benefits, high risks, long hours, low incomes and lack of permanency – it is necessary to study the intrinsic dimensions too (Wall 2015, 222). These include perceived feelings of insecurity, uncertainty and risk, which can serve as a subjective measure of precariousness (Vosko & Zukewich 2006) or vulnerability (Caraher & Reuter 2017). Experiences of financial hardship and lack of financial security can result in detrimental effects at the individual level, such as lowered well-being, stress, anxiety and depression, and intention to close one's business (Annink et al. 2016; McDaid et al. 2013).

AIMS, DATA AND METHODS

Aim

This article has two specific empirical aims. First, the empirical part of the study discusses the characteristics of the solo self-employed in Finland. The analysis is particularly interested in differences between men and women. Second, the article analyses the intrinsic dimension of financial security – i.e. self-assessed financial security among the solo self-employed – and constructs a multidimensional index. This index is used to analyse who among the solo self-employed feels the most financially insecure.

Data

This article uses the 2013 Survey on Self-Employed Persons collected by Statistics Finland (Pärnänen & Sutela 2014). The sample used in that study includes those who are solo self-employed (n = 1,508, 60% men, 40% women). Table 1 presents the respondents' characteristics.

The respondents were recruited on the basis of the 2013 Labour Force Survey. Respondents included those who reported being other than salary earners or farmers, and who stated that they did not employ other people. Respondents were invited to participate via the Internet or a telephone survey, and the response rate stood at 78.7%. Of these, 28% participated online and 72% by telephone (Pärnänen & Sutela 2014, 17, 138).

The questionnaire comprised a comprehensive set of questions addressing various features of working life, including questions on family characteristics, working conditions, perceived well-being, and health. The questions were similar to those in the Working

Conditions Surveys (1977–2013), which collected representative data on Finnish salary earners at regular intervals. Some questions were designed to particularly suit the situation of the solo self-employed.

Methods of analysis

In addition to the descriptive methods (frequencies) and statistical differences tests (analysis of variance, and statistical measures to explore statistically significant differences between comparison groups), logistic regression analysis was also used to analyse subjectively perceived financial security. Logistic regression is used to identify the odds (ExpB) of an event occurring, compared with reference groups. In logistic analysis, the dependent variable is dichotomous and the independent variables categorical. In this study, logistic regression was used to analyse the characteristics of respondents who belonged to the ‘high financial insecurity’ group.

Measures

Background information included gender, age of respondent, civil status (married or cohabiting; no partner), children under the age of 18, and highest level of education attained (basic, secondary or tertiary level). Work characteristics included information on working hours (usual hours per week), number of days worked per week, sector of self-employment (knowledge work; culture and handicrafts; sales; business and healthcare professionals; services; and construction, logistics and manufacturing) and tenure of business in years. The reasons for becoming self-employed were measured with the statement ‘there was no salaried employment and starting a business gave an opportunity to have employment’: the respondents indicated whether they agreed with the statement (the answer categories were

‘completely true’, ‘somewhat true’, ‘not really true’, ‘not at all true’ and ‘does not apply/no answer’) (see Table 1).

The intrinsic dimension of financial security was measured with several questions in the survey. To obtain a multidimensional view of the experience of financial security, our study constructed an index of perceived financial security, rather than using a single measure. The index included four statements (Table 2). Each statement was given either zero or one risk point (one point indicating experience of financial insecurity, and zero no or moderate financial insecurity). Therefore, the index consisted of a minimum of zero points (indicating no financial insecurity) and a maximum of four points (indicating high financial insecurity) ($M = 1.09$, $SD = 1.18$). The index was further organised into two groups to identify those belonging to the ‘no or low risk’ (zero or one points) or ‘medium to high risk’ (three to four points) groups.

These measures of the intrinsic dimension of financial security included (Table 2):

- a) ‘Is your financial situation as a self-employed person totally secure, somewhat secure, a little bit uncertain, totally uncertain?’ The answer categories ‘totally’ and ‘somewhat secure’ were coded as zero in the index, and ‘a little bit uncertain’ and ‘totally uncertain’ were coded as a risk.
- b) ‘Would you be able to pay an unexpected bill for €1,100 within a month (without taking out a loan or asking for help)?’ The answer categories were ‘yes’, which was coded as no risk, and ‘no’, which was coded as a risk for the index.
- c) ‘Is your income relatively stable, or does it change from one month to another?’ The answer categories were ‘rather stable’ and ‘changes somewhat’, which were coded as zero risk, and ‘changes substantially’, which was coded as a risk.

- d) 'During past the 12 months, have you had periods with no customers, orders or grants?' The answer categories were 'yes', which was coded as a risk for the index, and 'no', which was coded as no risk.

FINDINGS

Characteristics of the solo self-employed

Male and female solo self-employed people did not differ in terms of their age or family status (having a partner or children). The mean age among women stood at 45 years, and among men at 46 years. The proportion of those who were married or cohabiting was 75%, and 45% of respondents had children under 18 years old (Table 1). In a departure from the findings of some studies (Marshall & Flaig 2014, 314; Tervo & Haapanen 2007), having children was not particularly linked to starting a business. The likely explanation is that maternal employment is supported with universal childcare services in Finland.

Gender differences were evident in educational status and work characteristics, illustrating sectoral differentiation (Table 1). More solo self-employed women had the highest levels of educational attainment compared with men ($X^2 = 19.05$, sig. =.000): while 40.9% of solo self-employed women had a tertiary education, only 31.9% of the men did so.

Among the solo self-employed, hours worked might have a direct link to income; hence working hours and days worked should also be analysed. A total of 33% of men and 23% of women reported working six or seven days per week, while the current norm is five days a week. Working hours stood at 39.74 hours, and there was a slight gender difference. Compared with solo self-employed women, men work longer hours (men: $M = 41.61$, women: $M = 37.07$, $F = 36.19$, sig. =.000) and more days per week ($X^2 = 26.56$, sig. =.00). Solo self-employed men and women also differ in their sectors of work. Men work less often

in services (men 11.1%, women 42.5%) and more often in construction, manufacturing and logistics (men 47.7%, women 5.1%) than women ($X^2 = 380.60$, $p. = .000$) (Table 1). This sectoral differentiation is characteristic of Finnish labour markets in general.

TABLE 1 ABOUT HERE

Perceived financial insecurity among the solo self-employed and within-group differences

The second aim of this study was to analyse the intrinsic dimension of financial security, i.e. self-assessed financial security among the self-employed, using an index.

In the index, respondents were given between zero and four points, and the analysis concentrated on those who experienced no risk or high risk. Altogether, 42.7% of respondents did not experience any financial risk, and 25.2% experienced very low risk. These respondents were put into the ‘no risk’ group, which included a total of 67.9% of the respondents. Approximately a fifth (17.4%) of respondents reported low risk (two risk points), and a further tenth (10.1%) belonged to the group with medium risk (three risk points), and 4.5 % risk (four points). Altogether, 32.1% of the solo self-employed belonged to the high risk group.

TABLE 2 HERE

Logistic regression analysis was carried out to identify the characteristics of the solo self-employed who belonged to the ‘high risk’ group (see Table 3). To identify gender-specific risk factors, separate models were carried out for male and female respondents. Various background characteristics were included to the analysis, including family situation (having partner; having children) and education, that were not statistically significant and were omitted from the final model.

The analysis showed (Table 3) that the feeling of financial security was associated with age of the respondent, sector, work hours and whether becoming self-employed had been linked to a lack of other work opportunities. Among all solo self-employed, compared with those working in construction, logistics and manufacturing, those in the who worked in culture and handicrafts reported a higher likelihood of experiencing significant financial insecurity (Exp(B)= 2.27, sig=.005, S.E.=.29). Higher likelihoods were also reported by those who had felt forced to start a business compared with those who had not (Exp(B)= 2.22, sig=.000, S.E.=.21), and by people aged 45-54 compared with those 55 to 64 years old (Exp(B)= 2.03, sig=.013, S.E.=.28). Also working time was significant, and so-called normal working time, compared to short hours lowered the likelihood to belonging to the high risk group (Exp(B)= 0.54, sig=.005, S.E.=.21) (see Table 3).

The analysis carried out for men and women separately showed differences in the likelihood to belong to the high risk group. Among men, those who worked in culture and handicrafts showed odds 2.64 times higher (Exp(B)= 2.64, sig=.007, S.E.=.36) compared to those working in construction, logistics and manufacturing. Among men, other statistically significant characteristics were age (aged 35-33 and 45-54 odds standing at 2.59, sig = .033, S.E.=.44; and odds 2.56, sig=.018, Se=.39), forced to become self-employed (Exp(B)= 2.12, sig=.012, S.E.=.29), and usual work hours a week, those working 30-41 hours week had lower probability of belonging to the high risk group (Exp(B)= .49, sig=.019, S.E.=.30).

Among women, however, the only statistically significant explanation was lack of other work opportunities: those who became self-employed because of lack of work opportunities were more likely to (Exp(B)= 2.60, sig=.002, S.E.=.30) belong to the high financial insecurity risk group. This suggests that women solo self-employed in Finland are more homogeneous group in terms of experiencing financial insecurity, and therefore the old division, i.e. women belonging to the secondary labour market (Piore 1980), seem to hold.

TABLE 3 ABOUT HERE

CONCLUSIONS

Given the strong emphasis placed by the Finnish government (Programme of Prime Minister Sipilä 2015) and others on the promotion of entrepreneurship as a core factor in economic growth, more attention should be paid to the position of the self-employed and solo self-employed. Among other issues, it is important to analyse whether this promotion contributes to increasing social and economic inequality and risks of poverty. This concern seems justified, since although self-employment might be a way to provide individual and societal economic well-being, it is also linked to financial insecurity, as seen in this study. Around a one third of the solo self-employed in our study experienced moderate or high financial insecurity. It seems that the characterization of solo self-employment as double-edged sword seems right: on the one hand we cannot expect solo self-employment to be a way to financially secure employment for all, on the other hand it is equally true that not all solo self-employment is precarious.

This study contributes to existing research, both theoretically and empirically. First, by discussing self-employment along with the dualization, segmentation and precarisation of the labour market, and by using the institutionalisation of dualisation framework, the study shows that these frameworks are beneficial for understanding the relationship between policy and the position of (solo) self-employed people. Experiences of intrinsic financial insecurity are evident among solo self-employed people. However, the study finds within-group differences, and it therefore shows that instead of assuming that all solo self-employed people belong to the group of precarious workers, it is necessary to look at within-group differences. Furthermore, alongside transformations in policy, the position of the solo self-employed and

others in new forms of work is not static but dynamic, and this might lead to a regeneration and transformation of current divisions.

Second, the study contributes to empirical knowledge about solo self-employment and experiences of the intrinsic dimension of financial security (Wall 2015). The study finds that sector of economic activity is an important factor that creates differences between individuals: those working in culture and handicrafts or services are more likely to experience a high risk of financial insecurity. This shows that some sectors in particular are prone to difficulties in providing economic security.

The push to self-employment because of a lack of employment opportunities is a strong predictor for not feeling financially secure. It is not possible here to analyse whether this finding is related to a lack of ‘entrepreneurial spirit’ (Jaeger et al. 2016), sustainable business ideas, or related to socio-economic surroundings (Warr & Inceoglu 2017), for example. However, it is important to note that self-employment might not be a secure and sustainable employment possibility for all, and push towards it might signify strengthening the institutionalisation of dualism.

This study foregrounds many important areas for future research. Here our study concentrated on a cross-sectional survey that captured the situation at one moment in time, but long-term effects should be analysed too. For example, Binder and Coad’s (2016) study found that involuntary self-employment was associated with lowered overall life satisfaction, and others have reported that financial hardship and lack of financial security can result in detrimental effects at the individual level and intention to close one’s business (Annink et al. 2016; McDaid et al. 2013). In light of this knowledge, it is important to ask about the long-term effects and socio-economic position of the involuntary self-employed. Analysing intended and unintended policy outcomes is another important focus for research, particularly if policy aims to increase the proportion of self-employed workers across countries.

Furthermore, we need careful analyses of various groups to identify their heterogeneity. Here the focus was not on the policies that boost the divisions, but there is a need for analyses of those policies and the position of self-employed.

This study has some limitations. First, it can be argued that perceived income is not a sufficient measure of income instability. Although the survey included multidimensional survey questions regarding perceived financial income, there was no information on actual incomes in this survey. Previous research in Finland showed that in 2009 the overall proportion of low-income households among the self-employed stood at 11%, and the proportion among the solo self-employed was 18% (Okkonen 2011). The analysis would be stronger if actual incomes were included. A second limitation is that our study is cross-sectional, which does not enable us to look at the longer-term dynamics of solo self-employment, or at how financial security develops alongside those dynamics.

Based on Horemans and Marx (2017) study, solo self-employed in Finland experiences of financial well-being is amongst the highest in Europe, therefore it is likely that these findings represent those solo self-employed who are among the most income secure in Europe, also because of universal welfare state (Häusermann & Schwander 2012). Thus if repeated elsewhere, it is likely that the proportion of financial insecure would be higher. Unless societies are willing to accept growing divisions among workers, more care should be taken not to widen the gap between core and periphery or primary and secondary labour markets, and careful attention should be paid to see which specific groups are suffering from financial insecurity. Improving the position of the solo self-employed is a societal challenge, as these workers are not likely to organise collectively (Conen et al. 2016) and might not have the same collective power as traditional core workers. It is necessary to analyse the costs of the promotion of certain policies, and the outcomes of those policies, in order to better understand how individuals are positioned in labour markets and society.

References

- Albarran, P., Carrasco, R. & Martinez-Granado, M. (2009) Inequality for Wage Earners and Self-Employed: Evidence from Panel Data. *Oxford Bulletin of Economics and Statistics*, 71, 4 491-518.
- Annink, A., Gorgievski, M. & Den Dulk, L. (2016) Financial hardship and well-being: a cross-national comparison among the European self-employed, *European Journal of Work and Organizational Psychology*, 25:5, 645-657.
- Annink A. & den Dulk L. (2012) Autonomy: the panacea for self employed women's work-life balance?, *Community, Work & Family*, 15:4, 383-402, DOI: 10.1080/13668803.2012.723901
- Barbier, J-C. (2011) Employment precariousness in a European cross-national perspective. A sociological review of thirty years of research, *Documents de travail du Centre d'Economie de la Sorbonne*, 2011, 78.
- Biegert, T. (2017) Welfare benefits and unemployment in affluent democracies: the moderating role of the institutional insider/outsider divide. *American Sociological Review* 82, (5) 1037-1064.
- Binder, M., Coad, A.(2016) How satisfied are the self-employed? A life domain view, *Journal of Happiness Studies*, 17, 1409-1433.
- Caraher, K. & Reuter, E. (2017) Vulnerability of the 'Entrepreneurial Self': Analyzing the Interplay between Labour Markets and Social Policy, *Social Policy & Society*, 16, 3, 483-496.
- Conen, W., Schippers J.& Schulze Buschoff K. (2016) *Self-employed without personnel between freedom and insecurity*, WSI Institute for Economic and Social Research, 5, Hans-Boeckler-Foundation.
- Eichhorst, W.& Tobsch, V.(2015) Not so standard anymore? Employment duality in Germany, *Journal of Labour Market Research*, 48, 81-95.

- Emmenegger, P., Häusermann S., Palier, B. & Seeleib-Kaiser, M. (eds.) (2012) *The Age of Dualization: The Changing Face of Inequality in Deindustrializing Societies*, New York: Oxford University Press, 3–26.
- Eurofound (2017) *In-work poverty in the EU*, Publications Office of the European Union, Luxembourg.
- Lee-Ross, D.(2015) Personality characteristics of the self-employed: A comparison using the World Values Survey data set, *Journal of Management Development*, 34 , 9, 1094-1112.
- Lincoln, J. & Raftery, M. (2011) *Free agents: how knowledge workers are redefining the workplace*, Rep., Kelly Serv.
- Hall P.A. & Soskice D. (2001) *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*. Oxford University Press.
- Hilbrecht, M. & Lero, D. (2014) Self-employment and family life: constructing work–life balance when you're ‘always on’, *Community, Work & Family*, 17,1, 20-42.
- Hipp, L, Bernhardt, J, & Allmendinger, J. (2015) Institutions and the prevalence of nonstandard employment, *Socio-Economic Review*, 13, 2, 351–377.
- Horemans, J & Marx I. (2017) Poverty and Material Deprivation among the Self-Employed in Europe: An Exploration of a Relatively Uncharted Landscape. IZA DP No. 11007.
- Hundley, G. (2000) Male/Female earnings differences in self-employment: the effects of marriage, children and the household division of labour, *Industrial and labour relations review*, 54,1, 95-114.
- Häusermann, S. & Schwander, H. (2012) *Varieties of Dualization? Labor Market Segmentation and Insider Outsider Divides Across Regimes*, in Emmenegger P, Häusermann, S, Palier, B, Seeleib Kaiser, M, (eds.), *The Age of Dualization: The Changing Face of Inequality in Deindustrializing Societies*, Oxford, Oxford University Press, 27-51.

- Kalleberg, A. (2009) Precarious work, insecure workers: employment relations in transition, *American Sociological Review*, 74,1, 1–22.
- Konietzko, T. (2015) Self-employed individuals, time use and earnings, *Journal of Family and Economic Issues*, 36, 64-83.
- de Jager, W., Kelliher, C., Peters, P., Blomme, R.& Sakamoto, Y. (2016) Fit for self-employment? An extended Person–Environment Fit approach to understand the work–life interface of self-employed workers, *Journal of Management & Organization*, 22, 6, 797–816.
- Marshall, M., Flaig, A. (2014) Marriage, children and self-employment earnings: an analysis of self-employed women in the US, *Journal of Family and Economic Issues*, 35, 313-322.
- McDaid, D., Qualglio, G., De Campos, CA., Dario, C., Van Woensel, L., Karapiperis, T. & Reeves, A. (2013) Health protection in times of economic crisis: Challenges and opportunities for Europe. *Journal of Public Health Policy*, 34, 489-501.
- Okkonen, K.(2011) Yrittäjätulojen tulot ja pienituloisuus, *Hyvinvointikatsaus* 4/2011.
- Palier, B. & Thelen, K. (2010) Institutionalizing Dualism: Complementarities and Change in France and Germany, *Politics & Society*, 38, 119-148.
- Prosser, T. (2015) Dualization or liberalization? Investigating precarious work in eight European countries, *Work, Employment & Society* 30, 6, 949-965.
- Piore, M. (1980) Dualism as a Response to Flux and Uncertainty, in Berger, S, Piore M. (eds.), *Dualism and Discontinuity in Industrial Societies*, Cambridge, Cambridge University Press, 23-54.
- Pyöriä, P (ed.) (2017) *Työelämän myytit ja todellisuus*, Tallinna, Gaudeamus.
- Programme of the Prime Minister Sipilä (2015) *Strategic Programme of Prime Minister Juha Sipilä's Government*, 29 May 2015 Government Publications 1 / 2015. Available at: http://valtioneuvosto.fi/documents/10184/1427398/Ratkaisujen+Suomi_EN_YHDISTETTY_netti.pdf/8d2e1a66-e24a-4073-8303-ee3127fbfcac/Ratkaisujen+Suomi_EN_YHDISTETTY_netti.pdf.pdf

- Prottas, D. J., & Thompson, C. A. (2006) Stress, satisfaction, and the work-family interface: A comparison of self-employed business owners, independents, and organizational employees. *Journal of Occupational Health Psychology, 11*(4), 366-378.
- Pärnänen, A. Sutela, H. (2014) *Itsensättyöllistäjät Suomessa 2013*, Statistics Finland. Available at: <http://tyollistajat.fi/tilastokeskus-itsensatyollistajat-suomessa-2013/>
- Salt, R.& Lee, J. (2014) Exploring Precarious Employment and Women's Health within the Context of U.S. Microenterprise Using Focus Groups, *Public Health Nursing, 31, 6, 556–565*.
- Sevä Johansson I. & Larsson D. (2015) Are the self-employed really that poor? Income poverty and living standard among self-employed in Sweden, *Society, Health & Vulnerability, 6:1, 26148*, DOI: 10.3402/vgi.v6.26148.
- Standing, G. (2011) *The Precariat: The New Dangerous Class*, London, Bloomsbury.
- Spreitzer, G., Cameron, L.& Garret, L. (2017) Alternative Work Arrangements: Two Images of the New World of Work, *Annual Review of Organizational Psychology and Organizational Behaviour, 4, 473-499*.
- Supiot, A. (2001) *Beyond Employment. Changes in Work and the Future of Labour Law in Europe*, Oxford, Oxford University Press.
- Yoon, Y. & Chung, H. (2015) New forms of dualization? Labour market segmentation patterns in the UK from the late 90s until the post-crisis in the late 2000s, *Social Indicators Research, 128, 2, 609- 631*.
- Young, M.& Wallace, J. (2009) Family Responsibilities, productivity, and earnings. A study of gender differences among Canadian Lawyers, *Journal of Family and Economic Issues, 30, 305-319*.
- Tervo, H.& Haapanen, M. (2007) Miksi naisia on vain vähän yrittäjinä? *Kansantaloudellinen aikakauskirja, 103, 1, 28 – 43*.

Vosko, L. (2006) Precarious employment: towards an improved understanding of labour market insecurity, in Vosko, L.F.(ed.) *Precarious Employment: Understanding Labour Market Insecurity in Canada*, Montreal and Kingston: McGill-Queen's University Press, 4–39.

Vosko L. & Zukewich, N. (2006) Precarious by choice? Gender and self-employment, in Vosko, LF (ed), *Precarious Employment. Understanding Labour Market Insecutiry in Canada*, Montreal and Kingston, McGill Queen's University Press, 67-89.

Wall, S. (2015) Dimensions of precariousness in an Emerging Sector of Self-Employment: A Study of Self-Employed Nurses, *Gender, Work and Organization*, 22, 3, 221-236.

Warr, P. & Inceoglu, I. (2017) Work orientations, well-being and job content of self-employed and employed professionals. *Work, employment and society*, DOI:10.1177/095001717717684

Table 1. Characteristics of the respondents (% ,M, SD). Solo self-employed, 2013.

	All	Men	Women	Gender difference
	N = 1508	N = 905	N = 603	
Gender				--
Men	60.0			
Women	40.0			
Age, mean (SD)	45.9 (11.32)	46.3(11.34)	45.4 (11.29)	<i>ns</i>
Family characteristics				
Proportion of married and cohabiting	75.3	77.0	72.9	<i>ns</i>
Has children	48.0	48.8	46.8	<i>ns</i>
Educational level				$X^2 = 19.05^{***}$
Basic	14.1	16.8	10.1	
Secondary	50.3	51.3	49.0	
Tertiary	35.6	31.9	40.9	
Work hours a week: mean (SD)	39.74 (16.23)	41.61 (16.23)	37.07 (15.91)	$F = 36,19^{***}$
Number of working days (a week)				$X^2 = 26.56^{**}$
0-4	20.7	19.0	23.2	
5	49.9	47.2	53.5	
6	20.1	23.2	15.5	
7	8.9	9.8	7.7	
Sector of self-employment				$X^2 = 380.60^{***}$
Knowledge work experts	14.8	15.9	13.2	
Culture and handicraft	17.5	14.3	22.2	
Sales, business and health care professionals	13.4	11.1	16.8	
Services	23.9	11.1	42.6	
Construction, logistics, manufacturing	30.3	47.7	5.1	
Tenure of self-employment (years had business), M (SD)	11.89 (10.86)	12.65 (11.46)	10.73 (9.77)	$F = 11.40^{***}$
'No salaried employment and starting a business gave an opportunity to have employment'				$X^2 = 14,62^*$
Totally true	23,4	21,6	26,1	
Somewhat true	17,2	15,4	19,8	
Not really true	13,5	14,1	12,6	
Not at all true	42,4	45,6	37,7	
Does not apply, no answer	3,4	3,2	3,5	

p= * <.05, **<. 01, ***<.001

Table 2. Intrinsic dimensions of financial insecurity (%). Solo self-employed, 2013.

Question	All	Men	Women	Gender difference
	N = 1480	N = 905	N = 603	
(a) Financial security				$X^2 = 14.25^{**}$
totally secure	16.4	18.0	13.9	
somewhat secure	46.3	47.6	44.6	
a little bit uncertain	26.3	25.6	27.5	
totally uncertain	10.9	8.7	14.1	
(b) Can pay an unexpected bill of 1100€				$X^2 = 42.04^{***}$
Yes	80.5	86.2	72.7	
No	19.2	13.8	27.3	
(c) Stability of income				ns
rather stable	37.0	36.9	37.5	
changes somewhat	33.1	32.0	35.2	
changes substantially	29.5	31.2	27.3	
(e) Previous financial instability (during past 12 months)?				$X^2 = 10.44^{**}$
Yes	22.9	25.7	18.6	
No	76.8	73.9	81.6	

p= * <.05, **<. 01, ***<.001

Table 3. Intrinsic dimension of financial security among solo self-employed: Odds for belonging to ‘high risk’ -groups (all, men, women).

Variables	High risk		
	All	Women	Men
	ExB	ExB	ExB
Gender: ref. female	1.10	--	--
Male			
Age (classified), ref. 55 -64 yrs	*		*
15-34 yrs	1.06	.90	1.16
35-44 yrs	1.78*	1.15	2.59*
45-54 yrs	2.03*	1.47	2.56*
Sector of self-employment ref: Construction, logistics, manufacturing	***		**
Knowledge work experts	.55	.32	.66
Culture and handicraft	2.27**	1.45	2.64**
Sales, business and health care professionals	0.67	.68	.35
Services	1.18	.82	1.32
Starting a business was forced because of lack of employment opportunities, ref. not true	***	**	*
Yes, true to somewhat or totally	2.22***	2.60**	2.12*
Tenure of business, ref. 16 and more years			
0-5 years	1.61	1.79	1.44
6 to 16 years	1.43	1.19	1.56
Usual work hours a week: ref. short, 0-29	*		
30-41	.54**	.64	.49*
42+	.85	.75	.86
Constant	.16***	.17***	.15***
-2LL	666.92	316.00	343.71
df	13	12	12
Model X ²	***	24.42*	43.78**
¹ (x %)	(86.4%)	(85.3%)	(87.1 %)
N	911	407	504

p= * <.05, **<. 01, ***<.001

¹(x %)= The proportion of cases which are categorized correctly with this model