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Self-employment in Germany and the UK: Labor market regulation, risk-management and gender in comparative perspective

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Self-Employment in Germany and the UK.
Labor Market Regulation, Risk-Management
and Gender in Comparative Perspective

ZeS-Arbeitspapier Nr. 13/2003

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Abstract

Within the wide range of new forms of work self-employment seems to be a distinct feature concerning a growing part of the male and female labor force in industry and services in both Germany and the UK. Especially the growth of different forms of solo self-employment is subject to pessimistic as well as optimistic interpretations of the future quality of work and life as well as gender equality. Sound knowledge on the extent and nature of this type of work, however is rare – our comparative analysis therefore seeks to highlight the development of solo self-employment and strategies of risk-management in Germany and the UK. Concentrating on the cultural industries as an emblematic section of the global new economy, it is based on a secondary analysis of national quantitative and qualitative data and on own empirical research. After an introductory summary of the main strands of scientific debate on self-employment, we will first present an overview of volume and structure of solo self-employment growth on the one side, and of social risks tied to this employment status on the other side. We will secondly highlight collective and individual strategies of risk-management from within a regulatory approach. The results of this analysis show that self-employment growth, though a cross-national phenomenon, displays nation specific characteristics if development in time, branch distribution, social risk, and gender are looked at. At the same time new ways of both individual and collective risk-management are emerging. These strategies, however vary in extend and sustainability, indicating an ongoing influence of different national labor market regulations and gender regimes.
1 Introduction

One of the most prominent developments within the context of the New Economy’s influence on national labor market features is the increasing significance of self-employment\(^1\) in many European countries. In Germany and the UK, self-employment rates, albeit less distinctive than those of some southern European labor markets with a traditionally more important role of self-employment, have risen substantively during the 1980s and 1990s. The cultural industry and other growing sectors of the New Economy play a somewhat striking role in this development, as their shares of self-employed workers seem to become more and more important when compared to those of the industrial sector. Another feature of new self-employment is the rapidly increasing incidence of solo self-employment or freelancing\(^2\). Both in the UK, where self-employed workers without employees are traditionally predominating, and in Germany it was the growth of this type of work which led to the strong rise in overall self-employment (cf. Kim/Kurz 2001; OECD 2000). But solo self-employment, which is the center of attention of this contribution, is not only the most rapidly growing form of self-employment. It fuels a most controversial debate, too.

In fact, solo self-employment growth raises significant questions concerning the quality of this type of employment. The intense discussion on these issues is based on two different, seemingly conflicting ways of assessment: According to an optimistic version the rise in solo self-employment announces a change in work attitudes within the labor force, i.e. a trend towards a new spirit of entrepreneurism and more autonomous concepts of work. This is considered to entail a new job-creation potential and an increase in more qualified and knowledge-based forms of work. Furthermore, new self-employment seems to enable the development of more flexible arrangements between life and work (cf. Leicht 2000; Trautwein-Kalms 1997). Representatives of a pessimistic version, however, claim that higher self-employment rates should not be considered as a harbinger of job-growth, but rather result from rationalization processes. They fear a down-grading of job quality and the expansion of social risks as well as inequalities in comparison to workers in standard employment relationships, inequalities that take mainly the form of an individualization of risks for the self-employed. According to this view a substantial part of self-employment does not involve the advantages of free entrepreneurism but in contrast is to be understood as labor-only-contracting or false self-employment (cf. Smeaton 2003; Gill 2002; Breen 1997).

In analogy to this debate, gender-specific research on solo self-employment indicates a lessening of traditional forms of gender segregation and a shift from the male breadwinner

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\(^1\) We solely refer to self-employment outside the agricultural sector.

\(^2\) For the purpose of this contribution the terms solo self-employed and freelancers are defined as workers on own-account and without employees. Whereas solo self-employed is more generally used, freelancer applies predominantly to workers in the cultural sector.
model to an adult worker concept: Women make up for a rising share (about a quarter) of the fulltime self-employed, particularly in the group of the solo-self-employed in the service-sector. On the one hand this development seems to indicate that gender barriers in this traditionally male form of work have been overcome. In addition to this, female entrepreneurs are probably much less exposed to hierarchies and discrimination than dependant employees. On the other hand self-employment is not in the least free of gender-specific segregation concerning industrial sectors, working hours, income and motivation (cf. Hughes 2003; McManus 2001; Burchell/Earnshaw/Rubery 1993).

Actually, not only the consequences but also the causes of the influx into self-employment have been the subject of controversial discussion: Critical observers see a cyclical push effect of unemployment, which limits labor market opportunities especially for those with university degrees in humanities and the social sciences, as well as the effects of outsourcing, whereby large public and private companies contract out work. This argumentation emphasizes the deregulation of many European labor markets and the creation of new forms of work it partly involved, often at the boundary between dependant and independent employment. More positive views, especially pushed by politicians, claim the historical revival or new pull effects of entrepreneurial ambitions. Serious research, however argues that the reasons for becoming self-employed might be more complex than the push and pull arguments suggest. Especially for women, there is evidence that barriers to progression in corporate hierarchies (the glass-ceiling effect) as well as difficulties in combining work and family enhance the transition or entry into self-employment (Granger et al. 1995; Hakim 1998) A further reason for the growing significance of self-employment can be identified in the employment shift from the industrial to the service-sector. To a large extent this sector is characterized by personnel-intensive or technologically innovative fields of work requiring flexible organizational arrangements – therefore it seems to be particularly suitable for self-employed activities3 (cf. Meager/Bates 2001; Leicht/Luber 2000; Luber 1999).

On top of that, the debate outlined above is based on highly generalizing ideas of solo self-employment. Although the influence of globalization processes on national labor market developments and the more or less pronounced growth of the service sector in all Western industrialized countries seem to justify such a general discussion, country-specific differences in scale and structure of solo self-employment must not be neglected. Previous research has shown that self-employed occupations in different economic sectors or branches are linked to different characteristics in regard to working conditions, income and social

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3 Despite the wide-spread interest in self-employment growth, the discussion reveals several deficiencies in conceptualizing “new self-employment”. First of all the terms self-employment and solo self-employment in particular turn out to be hard to define, as they subsume the different employment categories of, e.g., farmers, craftsmen, tradesmen, freelancers in academic professions or the cultural sector, and so on. This can bring about different numbers and shares of self-employed workers, especially if attention is focused on occupations between dependant and independent employment. Definitions vary as well between different countries, especially concerning solo self-employment, although it has become a major field of interest of labor market research since the beginning of the 1980s.
risks (cf. Fraser and Gold 2001). Whereas self-employment in the New Economy is often considered as an innovative form of work and serves as a symbol of the adult-worker concept, self-employment in the industrial sector is rather linked to precarious income and working conditions and is attributed to outsourcing processes. This view is especially true for the British construction industry, which was at the forefront of self-employment growth in the 1980s.

For this reason, only empirical research can throw light on the actual implications of solo self-employment. In the following we will therefore throw a closer look on solo self-employment development, labor market regulation and risk management from within a gender perspective. In order to highlight positive and negative aspects of solo self-employment and to see whether this type of work has a uniform character, a country comparison will be carried out between Germany and the UK. Special emphasis will be given to the cultural industries, which are a dynamic growth sector marked by high qualificational profiles, and which are highly affected by globalization. Additionally, freelancing in the cultural industries did not only emerge as one of the positive forms of solo self-employment in previous research, and seems to lead the way in the development of new forms of work-life balances (cf. Leadbeater/Oakley 1999; Gottschall 1999), but self-employment looks back on a longstanding tradition in this sector. As freelancing is even still expanding especially in the New Media, working conditions of the self-employed in the cultural industries are well traceable.

Our underlying approach in explaining the structure of self-employment, working conditions and social risks is a regulatory one, as it has to be examined to what extent national labor market regulation, welfare state provisions and the gender contract do affect the dynamics and qualitative features of solo self-employment. In this context, three dimensions regulating the (male) standard employment relationship in both countries have to be taken into account (cf. Centre for Economic Performance 2001): These are labor law, social insurance systems, and industry-specific structures of collective bargaining. Additionally, attention has to be given to the question in what market and household context and in what way the working conditions in solo self-employment bring about a transition from the male breadwinner model to an adult worker model.4

Concerning the country choice of Germany and the UK, similarities in the incidence of a male breadwinner model, and the strong growth in solo self-employment in both countries provide a suitable basis for a gendered comparison of solo self-employment. In regard to labor market regulation and distinctness of the male breadwinner model, however, Germany and the UK are divergent cases and can thus serve to make clear the influence of the labor market and welfare regime on self-employment: The UK can be considered as an uncoordinated market society, which implicates a liberalized labor market. Thus, weak labor law and a low-level insurance system allow for the development of flexible forms of work less corresponding to the standard employment relationship, implying both dynamic and hazardous working conditions for a large share of the workforce. The collective bargaining system is

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4 For similar institutional approaches analyzing non-standard work see Houseman/Osawa 2003.
an example of an uncoordinated system of industrial relations, too, and the power of the collective actors has been continually weekend since the 1980s. Moreover, the British male breadwinner model is rather weak – the pluralization of employment forms and the individualization of risk on the labor market have transformed the originally strong male breadwinner model and have given an end to the understanding of wages as family incomes (cf. Bosch 2002; Rubery/Smith/Fagan 1999). In contrast to this, the German male breadwinner model still is a strong one, as the labor market is still highly oriented to the – traditionally male – standard employment relationship. Embedded in a coordinated market society and marked by a corporatist structure of industrial relations, the German labor market is more stable and exposes of a highly protective individual labor law and a well-developed social insurance system (cf. Hassel 2001). In addition to the significant growth of self-employment in both countries and these divergent labor market structures, it is a favorable concentration of data due to which Germany and the UK are suitable subjects of comparison.

The following section now describes the development of solo self-employment in the chosen countries. It presents both data on volume and structure of self-employment growth and empirical findings on working hours, income and social risks of this group of workers. For this purpose it refers mainly to mass data – whereas data on Germany are mainly based on the German Census Study, the UK data are derived from the British Labour Force Survey and from smaller work-related surveys. We have to deal carefully with these data sources, as the size of the solo self-employed subpopulation is not always sufficient. The third section, however, relies on qualitative case studies and adds results from own empirical research. In this way it brings in the impact of labor market regulation on self-employment and highlights specific risk-management strategies. Finally, options for collective risk-management strategies and a more pronounced activity of trade-unions in this sector will be examined, as well as trends towards professionalization.

2 Volume, Structure and Social Risks of Solo Self-Employment

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5 Both quantitative data on self-employment growth and structure and case studies on working and income conditions are available.

6 In spite of the strong interest in self-employment, detailed data concerning the group of the solo-self-employed is not always available. This holds especially true for Germany, where self-employment growth started at a later point of time than in the UK. On top of this government statistics and relevant panel studies do not differentiate in a satisfactory way between occupational groups or do not cover
As already indicated above, Germany and the UK have been the countries with the most pronounced rise in self-employment within Europe during the last two decades. Indeed, the UK’s self-employment rate increased from 6.6 % in 1979 to 12.4 % in 1990 and stabilized, after some fluctuations, at 11.4 % in 1998. Similarly, in Germany numbers of self-employed workers have risen since the mid-1980s, even if at first at a much slower pace. Between 1990 and 1998 the German self-employment rate has grown from 7.7 % to 9.4 % and is still increasing (OECD 2000: 158). In the course of this development the role of women in self-employment has become more and more important; they make up for at least a quarter of all self-employed in both countries (cf. Leicht/Lauxen-Ulbrich 2003; OECD 2000). Women are in fact at the forefront of the increase in solo self-employment, to which the main part of self-employment growth in both Germany and the UK has to be attributed. In the UK, 74.2 % of the self-employed had no employees in 1997, compared to 47.0 % in Germany, where this form of self-employment was less typical until the 1990s (OECD 2000: 162).

Apart from these similarities there are substantial differences in the composition of solo self-employment in both countries, especially regarding sectoral distribution and education. In the UK, shares of self-employed workers are about similar in the industrial and the service sector, in spite of the fact that it is the latter which shows much higher growth rates since the beginning of the 1990s – key sectors of self-employment are both the construction industry, real estate and financial services and personal services. British self-employment growth is thus only partly due to service-sector growth but has to be understood as an element of pluralization in a flexible labor market. In Germany, however, the growth of the service-sector is considered to be the main factor having contributed to the last decade’s rise in self-employment. Business services, personal/social services and professional services in the fields of education, health, culture and entertainment have had the most important influxes of self-employed here (cf. Bögenhold/Leicht 2000; Leicht/Luber 2000; Robinson 1999). These sectors have as well particularly attracted newly self-employed women, a substantial share of whom have moved up to previously male-dominated sectors. All in all the service-sector has been the driving force of German self-employment growth, whose main part has taken place in the field of highly-qualified occupations. This has an effect on the qualification structure of self-employment, too: Although solo self-employment workers are on average less qualified than self-employed workers with employees in both countries, highly-qualified self-employment in highly-qualified sectors makes up for a larger share of overall self-employment in Germany (cf. Kim/Kurz 2001; Leicht 2000). Again, German self-employed women contribute to this development in an outstanding way, as the share of young university graduates is not only as high among female self-employed as among female employees, but it is as high as among male self-employed, too (cf. Lauxen-Ulbrich/Leicht 2003).
The cultural sector, our main point of interest, contributes to this increase in highly-qualified self-employment as well. In the UK the proportion of workers in the cultural sector who were self-employed was 34 % in 1999 (Walby 2001: 14), in Germany 24 % of all workers in the media industries were self-employed in 1997 (Rehberg et al. 2002: 81). In this sector the highly-qualified account for 26.7 % of all workers, compared to 22.4 % of workers in non-cultural sectors (European Commission 2001: 89). Similarly to the impression we gained in comparing the qualification background of the self-employed, differences occur as well when we now turn to working time, income and social security of the self-employed.

Flexible working hours are a main feature of self-employment. However, working time does not only account for one of the most distinct differences between employees and the self-employed. It reveals highly gendered working patterns within self-employment, too. In contrast to only 5.8 % of British self-employed men working on a part-time basis, this is the case for 47.4 % of self-employed women in the UK. Self-employed men even work much longer hours than employees, as 47.1 % of them work more than 45 hours a week (compared to 20.0 % of self-employed women). These figures refer to self-employment in general, but they suggest that a very large share of especially solo-self-employed women work on a part-time basis, whereas solo-self-employed men probably rather tend to work long hours (Lohmann 2001: 10). In Germany, working hours of the solo-self-employed are similar. Whereas generally spoken both self-employed men and women work much longer hours than in the UK and correspond to a larger extent to entrepreneurial images, part-time shares of the solo-self-employed are high, too. Again, part-time work is more significant for women, 30 % and 32 % of whom work for up to 20 hours and between 21 and 40 hours a week respectively. In contrast to this, 46 % of men work from 41 up to 60 hours a week (up to 20 hours: 5 %, 21 to 40 hours: 27 %; Lauxen-Ulbrich/Leicht 2003: 22).

However, working hours are less gendered in the cultural sector. Despite heterogeneous working time patterns, and in spite of child care responsibilities more often curtailing women’s hours (cf. Perrons 2003), long working hours of 45 to 60 weekly are normal to earn one’s leaving as self-employed, at least in periods of full occupation. In 1997, two-thirds of freelancers in the media sector worked 40 hours or more, compared to 37 % of in-house employment. More than one-third (37 %) of freelancers worked over 50 hours, as compared with 7 % of employees (Rehberg et al. 2002: 86). Periods of hard work, sometimes on multiple jobs simultaneously, and long hours including night and weekend shifts however alternate with slack periods when only a small job or none is at hand. The claimed greater autonomy of self-employment in respect to working hours often becomes merely theoretical. Only a small, well-established elite of highly specialized professionals seems to really enjoy this privilege today.

Varying work density and the dependence on the cyclical demand for services also finds expression in the self-employed’s incomes. Those can be heavily fluctuating, especially during the first phase of independent employment. In addition to this the income distribution of the self-employed is highly polarized in both countries, i.e. the self-employed are
strongly represented in both the lower and the upper end of the income distribution. Despite this similarity, two issues in regard to the solo-self-employed’s income distribution stand out: Firstly, the polarization of incomes tends to be slightly stronger in the UK than in Germany. Secondly, for women this polarization turns out to be more pronounced than for men, even if the calculation is based on hourly wages (taking account of women’s high share in part-time work), and in the UK this difference between men’s and women’s wages is higher than in Germany. However, generally the attributes female, young, working on a part-time basis and working in the service sector, which characterize the inflow in both British and German solo self-employment during the 1990s, are linked to a high probability of low incomes in both countries. So it is not surprising that income heterogeneity among the solo-self-employed is even stronger than among the self-employed in general, and that they are more often subject to income risks (cf. Lauxen-Ulbrich/Leicht 2003; Bates/Meager 2001; Knight/McKay 2000; Jungbauer-Gans 1999).

The available studies considering the income distribution in the cultural sector similarly indicate a broad range between relatively low earnings particularly of freelancers in some branches, and peak incomes for a privileged “professional elite”. The net hourly incomes of freelancers in the German entire media industry in 1997 ranged between 14 Marks (~ 7 €) in the public relations segment and 16.5 Marks (~ 8.5 €) in film production (Rehberg et al. 2002: 87). The data on freelancers in the relatively well-paid subsegment private television, radio and new media show monthly gross incomes between less than 900 Marks (~ 460 €) up to over 10,000 Marks (~ 5,100 €) (Satzer 2001: 21). In the print media, however, data from 1998 show clearly lower income levels; here 34.7 % of the “true” freelancers earned up to 2,000 Marks (1,000 €) monthly gross income, nearly one-third were in the medium class up to 5,000 Marks (~ 2,550 €), and only 5 % had peak incomes of more than 8,000 Marks (~ 5,000 €) (Grass 1998: 74). Recent empirical studies in Germany and the European Union suggest that women in the media industry are working under even more unfavorable conditions than their male colleagues (cf. Gill 2002; Rehberg et al. 2002; Satzer 2002): For female self-employed cultural workers the German data show lower incomes in spite of their average higher formal education levels, and hence they have to work longer hours to earn the same as men. In a comparative study on new media workers, Rosalind Gill and her team found out that women work on fewer simultaneous and less lucrative jobs than men, resulting in such low incomes that they are pushed into other occupations like teaching to earn their living. Gill’s study on this “most modernized” group of media workers showed gender income disparities of 40 %. The average yearly net income for women was € 10,000, against € 16,000 for men (Gill 2002: 79).

Furthermore, the insecure income conditions of many solo-self-employed can be intensified by a lack in social security provision. Whereas the British National Health Service provides for health care services for all inhabitants, and virtually all German self-employed pay either obligatory or voluntary contributions to a health insurance (cf. Fachinger 2002; Fachinger et al 2001), the solo-self-employed’s ability to make provisions for times of low work intensity or for old age is alarming. Although British self-employed are obligatorily integrated in the National Insurance and are entitled to a modest basic old age pension, Meager
and Bates (2001) fear that the growth of new self-employment since the 1980s may lead to a growing number of self-employed workers who have to face insecurity and relative poverty in later life. This is due to the exclusion of the self-employed of the supplementary State Earnings Related Pension Scheme, and to the low and instable incomes in the labor market sector, preventing the self-employed from saving. In Germany the situation might be even worse, as large parts of the self-employed are not integrated into the Pension Insurance including dependent workers. Only for the self-employed in the cultural professions a specific Pension Insurance was introduced in the 1980s, however benefits are at such a low level that additional private saving is unavoidable (cf. Betzelt/Schnell 2003). All in all at least one third of the self-employed in Germany do not have the income necessary to make sufficient old age provisions (Fachinger 2002).

In addition to the insecurities in terms of work density, incomes and social security, the solo self-employed also are subject to occupational instability. Especially in the British labor market, which is generally marked by high rates of job rotation, the newly self-employed workers of the 1990s bear high risks of abandonment due to insolvency rather than a job offer. In Germany however, solo self-employment does not seem to be a more instable form of work than self-employment with employees and involves a higher probability of entrepreneurial success (cf. OECD 2000; Taylor 1999).

Summarizing, self-employment growth in Germany and the UK brought about both similarities and differences in structure and conditions of solo self-employment in these countries. Whereas in the UK self-employment already started to grow substantively during the 1980s, this development did not start before the beginning of the 1990s in Germany. This can be attributed to a strong dependence of German self-employment on the growth of new service sector industries. Although the rise in self-employment in the UK during the 1990s was linked to the service sector, too, it was the industrial sector which fuelled British self-employment in the 1980s and which still hosts half of the self-employed in the UK. This difference can be explained by the countries’ labor market regulation: The German coordinated labor market, based on a strong protection of the standard employment relationship, on the prevention of flexible business practices and on a highly regulated access to self-employment in the industrial sector, did not allow for a strong increase in self-employment before the growth of the service sector, which is less marked by the standard employment relationship. The British uncoordinated labor market, however, did not obstruct the spread of self-employment in the industrial sector. This difference in the sectoral structure of German and British self-employment might as well be the reason for the distinction in gender differences in solo self-employment, which are stronger in the UK, as female solo self-employment in Germany is based to a larger extent on service sector occupations requiring high qualifications. Income polarization among the solo-self-employed might as well be stronger in the UK than in Germany, whereas this group of workers is subject to greater social risks than employees in both countries. However, social risk structures of the solo-self-employed are diverse. Although in both countries solo-self-employed workers are not sufficiently safeguarded against financial constraints during phases of joblessness and run risk of relative poverty in later life, this seems to be due to different reasons. In the UK,
such social risks are generally given for a large part of the workforce and can be seen as inherent to the British social security system. In Germany, however, the self-employed bear higher social risks than employees, as their occupation drops out of the standard employment relationship and thus involves no or no sufficient protection by the social insurance system. The social risks of German self-employed workers are therefore mainly linked to the polarized income distribution and the non-ability of saving (cf. Gottschall 2002).

3 Risk Management in Cultural Professions: Globalized and Degendered?

As we have seen in the previous section with findings based on mass data, solo self-employment, though a multi-faceted form of employment with nation specific dynamics and structures, displays some common characteristics like a polarization of income and working hours and a tendency to insufficient social protection i.e. regarding pension and provision for market risks. Given the high shares of female participation especially in the more qualified service sector self employment might be less gendered than traditional forms of work. It thus seems to represent a new paradigm of employment which does not fit the well known traditional type of male self-employment like ‘employer’ or ‘professional’. Rather the lack of a more or less privileged market position poses the new self-employed near the dependent employee. But contrary to employees in a standard employment relationship the self-employed do not have access to corporatist regulation and the traditional worker’s social security schemes (Gottschall 2002).

The intermediate or hybrid character of new self-employment becomes even more obvious if we look at the cultural and new media industries as the most booming branch and emblem of the new knowledge based work (cf. among others European Commission 2001; Serrano-Pascual/Mosesdottir 2003). Here the social structure and working conditions of the self-employed workforce as well as the labor markets display significant global, that is not nation specific patterns. First we find as a common feature in most Western countries and especially Germany and the UK, that the occupational labor markets in cultural industries lack or only have weak institutions regulating entry and career building like skill certificates and career ladders as well as established collective bargaining bodies are rare. While in the German case the training and career structure in media production industry deviates from the national blueprint characterized by vocational training and formalized career ladders, the British case seems more in line with the national characteristic of absence of comprehensive and standardized occupational labor market institutions. Second, the employment pattern of the whole workforce is characterized by a relatively young workforce, a high inter-firm mobility, patterns of short-term employment and ubiquitous freelancing (Baumann 2002). High professional standards go hand in hand with incalculable working time and income structures. The highly-qualified workforce is made up of men and women, but despite gender disparities in working time and income structures social differentiation fol-
lows as well variables like age, work experience, skill level and sector (Betzelt/Gottschall 2003).

These characteristics including the tendency of growing social polarization can be attributed to the globalized character of the cultural industries lessening the impact of national labor market and social regulations. Indeed, the generally intensified globalisation processes of markets in the nineties had particularly strong effects on the cultural industries as one of the most booming branches. Accompanied and accelerated by the digitization of production processes in the media, the markets for cultural products became international and competition among large media groups and smaller firms increased rapidly. New competitors from the Far East (Hongkong) appeared on the global markets causing turmoil (Unesco 2000).

Despite booming demand and economic expansion, rationalization and internal restructuring on a large scale were used to cut costs and stay competitive in Germany as well as in other Western countries. As a result, in-house employment was replaced by freelancers or completely eliminated through outsourcing. Moreover, public broadcasting was privatized, new private radio and T.V. stations emerged, and public institutions cut jobs by partly outsourcing their business. Electronic communication, especially the internet, initially brought brand-new and unexpected opportunities for the media market, though in the end it did not realize the tremendous profit margins that had been expected.

With respect to the supply side, increasing numbers of well-qualified university and college graduates, among them many women, entered the external labor markets, leading to increased competition among employees. For many newcomers as well as experienced workers, freelancing and self-employment became the only way to enter or to stay in the marketplace. Thus freelancers are facing higher economic risks due to increased competition and cost-cutting policies of the firms who hire them. Moreover, rapid technological change such as digitization call for continuous training to keep up with the most recent electronic products (Kotamraju 2002). Summing up, the market conditions for cultural professionals in the globalized and digitized new century can be described as highly competitive and risky for the individual, demanding high and specialized skill levels, while the material rewards for many freelancers appear to be rather modest.

If we look at these market conditions as challenges to the workforce in cultural industries and new media than the question arises how self-employed deal with the special ‘chances and risks’ profile of their work. A growing body of case studies7 including our own empiri-

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7 Recent studies of the UK – though varying in empirical design and conceptual framework - focus on labor market entry and career building, working conditions and social security (Dex et al. 2000; Granger et al. 1995; Baumann 2002; Gill 2002; Fraser/Gold 2001; Perrons 2003, 2004). Two studies on new media professions (including television) are comparative referring to Germany and the UK (Baumann 2002) and to Austria, Finland, Ireland, the Netherlands, Spain and the UK (Gill 2002). Apart from new media professions occupations researched include freelance translators (Fraser/Gold 2001) and book publishing (Granger et al. 1995). A special focus on gender and work life balance questions can be found in the studies of Gill 2002 and Perrons 2003, 2004.
cal work allows for a closer look at individual and collective risk management strategies. And here again a comparison between Germany and the UK seems useful because while working conditions might be globalized, infrastructures and competencies arising in dealing with risks might still be linked to national labor market and social security regulation as well as different gender regimes.

Our conceptual framework to analyze risk management strategies in occupational labor markets and welfare regimes refers to time in the sense that short-term as well as long-term (life course) dimensions of employment have to be taken into account, and to different levels of strategies in terms of individual and collective risk management. Aspects of risk management are: getting work, acquiring and keeping up skills, securing the quality of work by control over income, time and copyright, and social security including employment security, compensation and social benefits. Actors in the field are seen as vested with agency that can be more or less powerful, institutions are referred to as more or less stable, and more or less enabling and constraining action. While this framework analytically differentiates dimensions and focuses on different risk management strategies, in reality strategies might be mixed and encompass those in a complex way, like for example strategies to secure the quality of work by controlling prices at the same time contribute to sustaining skills and providing social benefits. Due to the heterogeneous profile and the still ongoing research on self employment in cultural and new media industries this scheme cannot be filled completely, yet. Especially findings on the dimension of time are restricted since most studies refer to the actual labor market position of freelancers and do not follow up or reconstruct careers nor provide a systematic link to life course passages. Therefore in the following we will highlight those significant features of risk management which seem well documented and allow for further discussion of this employment pattern.

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8 In Germany as in the UK and the US research on new media work gained attention during the last decade (see several contributions in Gottschall/Voß 2003, the study on women in the media industry by Rehberg et al. 2002 and the survey of freelancers in private television and broadcasting by Satzer 2001). Our own mostly qualitative cross-sectional analysis of freelancing in publishing and new media professions carried out since 2001 in four larger German cities encompasses journalists, graphic and web designers, editorial freelancers, translators, and software producers. Research methods in a first step were the review of secondary data and a standardized online-survey of cultural and new media workers (focussing on the social structure, market position and household situation) and allowed for an estimate of the social structure of these groups in Germany as well as for the sampling of the interview group. A second step included about 25 expert interviews with key representatives of professional organizations and unions in the field. Last but not least thirty guided in-depth interviews with freelancers in the cultural industries to be evaluated until the end of 2003 were carried out, focussing on professional identity, individual strategies of risk-management and work and life patterns (for first findings see Gottschall 2002 and Betzelt/Gottschall 2003).

9 The time dimension can also be addressed as sustainability of working conditions as is refers to finding a job, keeping up skills and building a career (see Batt et al. 2001).

10 Within our research we addressed this problem by using the calendar method, i.e. the interviewed freelancers filled out a graphic time scheme asking for the professional biography as well as significant personal events like childbirth, living with a partner etc. Filled out in advance it could be used for biographical questions within the interview.
Individual risk management: Negotiation in network structures and safeguarding household forms

As stated above manifest and established labor market institutions like certificates and well defined career paths in the occupational labor market of cultural and new media workers are weak or missing. This makes labor market transactions insecure and gives way to the generation of informal governance. Obviously the most prominent social mechanism capturing the informality of market transactions in this field is the negotiation in network structures which allow for control of communication, trust, and reputation (Haak/Schmid 1999). Corresponding with our results different case studies for the UK and Germany show that market success in the cultural professions is predicated primarily on individual cultural and social capital (Blair 2001; Gill 2002; Baumann 2002; Krätke 2002; Gottschall/Betzelt 2003). For example, Baumann in a comparison of labor market transactions in the German and British media production industry demonstrates that for getting a job and achieving employment security freelancers in both countries rely primarily on connection through so called intermediaries, that is personal contacts (colleagues, university friends) and industry insiders, who both might be in the position of employers, too. As he points out it makes a difference whether these intermediaries communicate an individual’s reputation for doing his or her job or whether they serve as purely societal intermediaries who act as guarantors for an individual’s social standing. Whilst the first networking function work as a substitute for skill standards the latter may promote social exclusion (Baumann 2002: 40).

Following the literature on female corporate career chances informal ways of governance rather disadvantage than promote women since the relevant networks often are male biased (cf. Allmendinger/Podsiadłowski 2001; Allmendinger/Hackman 1995). As the importance of social capital in freelancing is even higher than in corporate bodies it is not surprising that a comparative study of freelance new media workers in six European countries identified the informality of labor market structures as one reason for emerging gender inequality; apart from sexist assumptions it was the existence of ‘old boys networks’ and their significance for getting projects that created problems to women (Gill 2002: 82). Nevertheless there are also indicators at least in our study for Germany that the extent to which gender is important differs with respect to the occupation and branches, female freelancers in journalism perceiving their situation more disadvantaged than their counterparts in new media like web design. One problem arising in this context, called the ‘post feminist problem’ by Gill, is the reluctance of new media workers (men and women) to understand their experiences as having anything to do with gender. Due to prevailing individualistic and meritocratic discourses in this field irritating or even discriminatory experiences tend to be understood rather as personal failures or random events (Gill 2002: 85). The other side of the coin however, might be a tendency of feminist researchers to construct or reinforce gender attribution to practices and experiences which by the actors in case are perceived in a different way.

While this line of research highlights the role of informal contacts as a substitute for standardized skills, another body of research emphasises the role of transferable professional
skills amenable for freelancing in order to opt out of salary work in preference for fee work. Fee work, as Handy argues, not only includes a time element but also will charge for the quality of work, for reputation and reliability. In this view, freelancers can build up a portfolio of work, ‘a collection of different bits and pieces of work for different clients’ (Handy 1994: 175). More complementary than inconsistent with the stated importance of networking, research drawing on this concept can show that the availability of transferable professional skills is a prerequisite for taking up and keeping a freelancing position. The capacity to use this market position to exert control over working conditions like pay and deadlines however seems to differ with reference to the supply of special skills and relations to clients. So Fraser and Gold show that freelance translators in the UK enjoy higher levels of autonomy and control over their working conditions than freelance editors and proof readers (Fraser/Gold 2001).

Another feature of risk management which can be identified, only seemingly departing from the labor market, is the household form. This might surprise since usually household forms of workers are seen as independent social structure variables. Though as welfare state theory and gender sensible labor market research show, the dominant employment patterns in Western societies, overall the standard employment relationship as well as the classical professional, are substantially combined with a special household form and at the same time are gendered. Especially in Germany and the UK, contrary to France and the Scandinavian countries, employment patterns in terms of income, working time, career perspectives and their corporate regulation as well as the social security provisions constitute a male breadwinner model with a corresponding female housewife position (Esping-Anderson 1990; Lewis/Ostner 1994). The decline of this model, in the UK more significant than in Germany, has not yet led to full development of an ‘adult earner model’. Rather a ‘one and a half breadwinner model’ with a predictable gender divide appeared. Departures from this model, however, can be found with highly-qualified women – as the growing body of dual career research shows, though this does not necessarily include equal sharing of household work and parenting (Blossfeld/Drobnic 2001; Crompton/Birkelund 2000; Hochschild 2000). As our secondary data analysis on the social structure of freelancers in cultural industries in Germany indicates in this group the household form of single household and dual earner households seem to prevail, even if there are children living in the household. Not only for Germany (Rehberg et al. 2002; Brasse 2002) but also for other Western countries as well as for the US for freelancers a dominance of childless households is reported. While this might be due to the relatively young age of this occupational group there are also indicators that especially female freelancers in the new media might choose not to have children because of the working conditions in this field (intense stop and go work patterns and long hours as well as instability of income) (Gill 2002: 84; Bratt et al. 2001). Our interview findings show, that the household form, i. e. the existence of a partner with either a stable income and /or flexible working hours like part-time work, often serves as cushion for the incalculable aspects and risks faced by the other in the market place, whether the loss of income or overlong working hours that require support in everyday reproductive work. As to gender inequalities these findings suggest that ‘professional freelancing’ for
women is an acceptable employment form only as long as they can and are willing to match the ‘male professional’ ideal. Those who want to have children either rely on a partner willing to practice egalitarian sharing of parenting and housework or have to reduce their job aspirations to a short-term career. This interpretation is supported by findings from our expert interviews, where care obligations and health reasons are named as the usual motives for an individual leaving the freelancing form of employment.

On the other hand there is a relevant group of freelancers working part-time, and not only female part-timers in our study claimed that flexible and reduced working patterns allow for a better work-life balance, especially with respect to parenthood and family life.

**Collective risk management**

Turning to collective representation in the field of freelancing first of all recalls the ‘falling in between status’ of this employment form. Neither a classical profession with access to professional organisations safeguarding monopolistic market positions (like in Germany for example the doctors associations) nor secured by corporate regulations and more or less strong unions employees can rely on, freelancers in the cultural and new media industry as a ‘post modern workforce’ (gender mixed, highly qualified, much individualized) seem to have no model for collective action at hand. At the same time, of course there is a need for some sort of lobby for this new constituency although the support for trade unions is generally fading. Empirical findings from the UK and Germany show that in the face of expanding market risks freelancers call for professional advice and further training, networking support, and legal aid in order to meet the needs of a more and more tight and competitive market.

Interesting enough innovative approaches to answer these requirements can be found, though more in Germany than in the UK. In Germany especially in the field of new media and graphic design, in the last decade new associations came up which can be described as hybrid in the sense that they combine elements of traditional trade unions as well as of professional organisations. One example for innovative collective organisation in the field of unions is a special task force called ‘Connex’. Established in 1999 within the large services trade union ‘Ver.di’\(^\text{11}\), Connex tries to reach journalistic freelancers in private broadcasting, film, audiovisual media, and the internet. Another example is the rise of a new designers’ association successfully competing with the traditional elitist clubs for new and young members. Both organisations aim at a protection against market risks as well as securing professional autonomy by the following characteristics: They have established *modern, effective internal structures* to facilitate communication with their members. They work with *professional staff*. They are rather *socially inclusive* than exclusive in the sense that they are open for newcomers in the field, part-timers, employees as well as freelancers. Their strategies aim at *supporting individual economic success* of freelancers, offering spe-

\(^{11}\) Ver.di is the German acronym for ‚united service workers’union’, now Europeans largest trade union (2.8 million members) which resulted from a merger of five single unions of various services in 2001.
cialized services. They support networking as a way of succeeding in the markets as freelancers and they pursue at the same time more traditional strategies such as setting standards for quality and prices for knowledge-based services. As our research shows these new players in their fields are well accepted, attracting a rising number of members and making progress in getting established as professional representation by the market counterparts (Betzelt/Gottschall 2003).

In the UK traditional forms of collective representation have been weakened for a long period already. This general condition might contribute to a strong individualized perception of options in the face of market risks. Perrons reports from in depth interviews with new media freelancers in a local fast growing new media market region at the South East of England, affected by the recent break down of the new economy. Freelancers tended to accept the frequent market fluctuations as a characteristic of the sector and considered themselves personally responsible for maintaining marketability by constantly updating their skills. While the interviewed new media workers saw little role for trade unions, there was evidence that unions chances to reach these workers more and more rely on innovative communication forms like the use of web sites, providing information and advice. Other than leaflets, personal contacts or reunions, the traditional means of linking members, this form allows the workers to keep contact with the union on low profile as well as permanent as it is compatible with fluctuation in employment forms (Perrons 2004: 15).

As to the gender aspect of collective representation findings are mixed. Obviously the new collective associations reflect the more or less equal gender-mix of the labor force in the sense that they are equally open for male and female professionals. The implicit normative professional ideal carries no overt male connotation; instead the ideal – the individualized autonomous freelancer – seems to be gender neutral. However, this normative orientation also contains the idea that a professional worker is not a parent and does not care for family members. Thus parenthood as well as questions of work –life balance remain a private issue. This interpretation, drawn from the implicit ideas of the interviewed professional representatives, is also suggested by the fact that none of them – male or female – explicitly raised the subject of family duties of their own accord. Our question whether their professional organizations offered their members any support for reconciling work and family were met with some surprise, explaining that this was outside the scope of the organization’s duties and rather a member’s private matter.

While such an expectation marks a boundary between the private and the public, there is another side of the coin where this border dissolves. As a necessary precondition, the image of the autonomous self-employed worker is based on a particular model of dual-earner partnership in the household: One partner has to cushion the incalculable aspects and risks faced by the other in the market place. As mentioned before, the dual earner or adult worker model indeed seems to be a widespread individual choice enabling to minimize social risks in this field. The collective actors take these private solutions for granted; the risks are implicitly seen as a natural element of working as a media professional, and hence usually are not envisioned as a field of collective responsibility. This perception works in favour of
men rather than women and adds to other internal discriminatory practises within the cultural industries and new media. But it also might give rise to ‘voice’ instead of ‘exit’ options of women as a new collective action in the above named German service union shows. Quite recently a small group of women in the media section of Ver.di started an initiative to set the situation of female freelancers on the agenda of the trade union. They are struggling with the double burden of being a marginalized group in the predominantly employee membership of the union and the gender blindness of traditional union policy. For effective future work they need a basic infrastructure and mental support within the union. Nevertheless the resonance of the initiative among female freelancers shows that this action is meeting a need (Betzelt 2003).

4 Conclusion

Summing up, solo self-employment in Germany and the UK is marked by different growth dynamics and does not show the same sectoral distribution. Additionally, solo self-employment in the UK is to a stronger extent marked by income polarization and gendered working conditions than in Germany. The findings on risk management strategies however, though still incomplete, bear more evidence for a globalized pattern of risk management than nation or regime specific features. In the foreground are individual risk strategies, perhaps not surprising given the high education and competency of self–representation of this work force. These strategies however, not only refer to market communication but also to household form, thus crossing the border between private and public and restructuring the work-family nexus inherent to traditional forms of employment, i.e. the standard employment relationship. Collective strategies are gaining importance only with rising competition in the media markets, but are obviously more likely to evolve in the more coordinated German market, providing still a significant infrastructure of unions and professional associations capable of acting as in the UK, where the Thatcher decades disempowered collective bodies. Interesting enough the emerging collective representation bodies for freelancers in Germany do not follow either the traditional professional association model with it’s exclusive character nor the pure unionist model disregarding individual differences of workers. Rather the new associations are hybrid, referring to collective practices without questioning individual market success as the basis of freelance work. Gender seems to make a difference as women are disadvantaged by informal labor market governance structures like networking as well as their price for a professional career following the adult worker model is higher as long as male partners are less available for equal parenting or cushioning the market risks of freelancing. Nevertheless findings on the chances or risk potential of the time

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12 For a detailed account of the slow and ambiguous change of gender relations in German trade unions see Koch-Baumgarten 2002.
and space flexibility of freelancing are heterogeneous and leave open whether and when this is a preferable employment form for women (and men).

This leads to the conclusion that the most significant feature of self-employment in cultural and new media industries perhaps is the coexistence of basic chances, i.e. highly qualified and autonomous work, and basic risks, i.e. modest material rewards and uncertain career paths. Most workers in the field appear to remain and others try to get entry. Obviously the still rising number of freelance workforce cannot be attributed to push factors only like outsourcing or tightening labor markets. There is evidence that even originally involuntary self-employed after some time prefer freelancing to dependent employment (Fraser/Gold 2001; Hughes 2003). This holds true for women and men. Assumingly the autonomy of work as well as the performance of high and specialized qualifications, reinforcing intrinsic motivation and high identification with the work are contributing to the attraction of freelancing in this field. This however, leaves the question of securing ‘sustainable’ working conditions and mechanism for preventing self exploitation in globalized, highly competitive markets on the agenda.
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