

Employers' Preferences when Employing Solo Self-employed: a Vignette Study in the Netherlands

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Abstract : The number of solo self-employed in the Netherlands has been increasing for years. The relative increase is among the largest in the EU. To explain this increase, most studies have focused on the supply side, workers who offer themselves as solo self-employed. The number of studies that focus on the demand side, the employer who hires the solo self-employed, is still scarce. Studies into employer behaviour conducted until now show that employers mainly choose self-employed workers when they have a temporary need for specialist knowledge, but also during projects or production peaks. These studies do not provide insight into the employers' considerations for different contract types. In this study, interviews with employers were conducted, and available literature was consulted to provide an overview of the several factors employers use to compare different contract types. That input was used to set up a vignette study. This was carried out at the end of 2021 among almost 1000 business owners, HR managers, and business leaders of Dutch companies. Each respondent was given two sets of five fictitious candidates for two possible positions in their organization. They were asked to rank these candidates. The positions varied with regard to the type of tasks (core tasks or support tasks) and the time it took to train new people for the position. The respondents were asked additional questions about the positions, such as the required level of education, the duration, and the degree of predictability of tasks. The fictitious candidates varied, among other things, in the type of contract on which they would come to work for the organization. The results were analyzed using a rank-ordered logit analysis. This vignette setup makes it possible to see which factors are most important for employers when choosing to hire a solo self-employed person compared to other contracts. The results show that there are no indications that employers would want to hire solo self-employed workers en masse. They prefer regular employee contracts. The probability of being chosen with a solo self-employed contract over someone who comes to work as a temporary employee is 32 percent. This probability is even lower than for on-call and temporary agency workers. For a permanent contract, this probability is 46 percent. The results provide indications that employers consider knowledge and skills more important than the solo self-employed contract and that this can compensate. A solo self-employed candidate with 10 years of work experience has a 63 percent probability of being found attractive by an employer compared to a temporary employee without work experience. This suggests that employers are willing to give someone a less attractive contract for the employer if the worker so wishes. The results also show that the probability that a solo self-employed person is preferred over a candidate with a temporary employee contract is somewhat higher in business economics, administrative and technical professions. No significant results were found for factors where it was expected that solo self-employed workers are preferred more often, such as for unpredictable or temporary work.

Keywords : employer behaviour, rank-ordered logit analysis, solo self-employment, temporary contract, vignette study

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