

Bogus Self-Employment in the Irish Construction Industry: The reality of entrepreneurship

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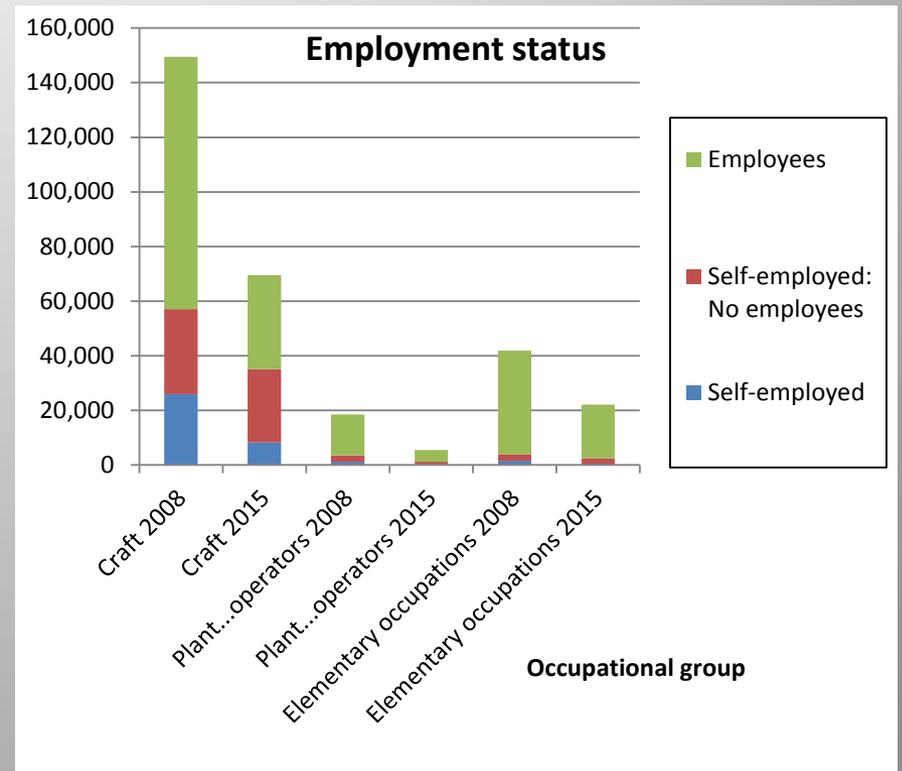
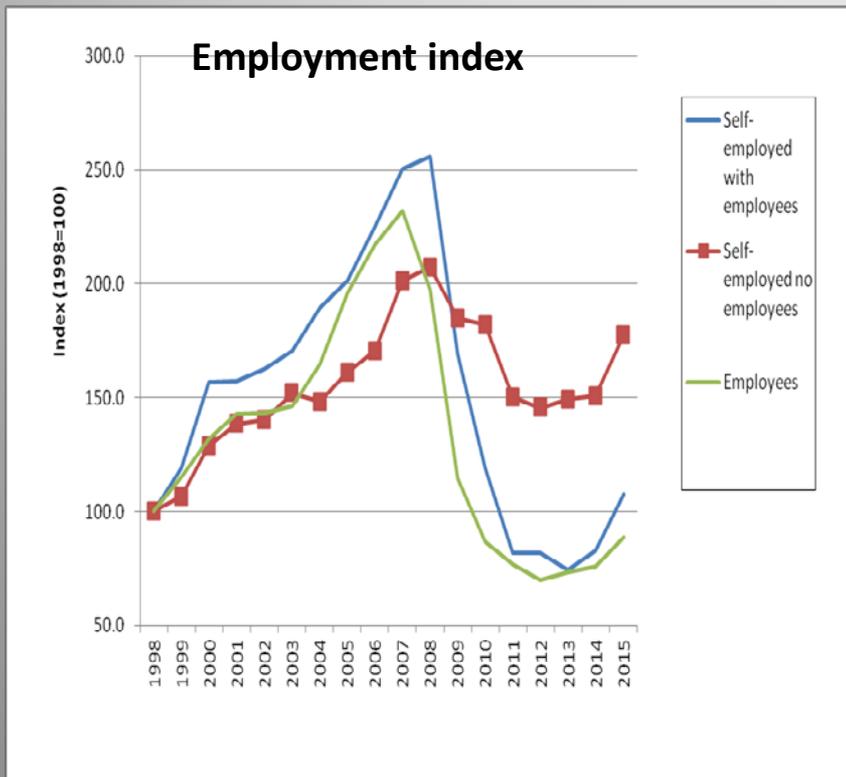
Outline

- The entrepreneur fetish
- Solo self-employment in Irish construction
- Constrained self-employment
- Casualization and the hollow firm
- Unanswered questions...

Fetishizing the entrepreneur

- The entrepreneur as hero – and self-employment as solution
- Logic of autonomy vs logic of necessity:
 - self-employment counter-cyclical (Bögenhold and Staber (1992))
- Emergence of dependent workers
 - only one client, don't hire others, limited task autonomy
 - In elementary occupations, difficulty making ends meet (Eurofound 2013 from EWCS)
- Gig economy
 - Uber, PeoplePerHour, etc.
 - c10% all UK adults some work (Huws & Joyce 2016)
- Government and EU promote self-employment
 - Despite continuing negative evaluations of programmes!

Solo self-employment in construction



Source: QNHS (CSO Statbank and own analysis)

Constrained self-employment

Relevant Contracts Tax Information for Subcontractors



Relevant Contracts Tax (RCT) has been substantially reformed. This leaflet is intended to give subcontractors an overview of how the changes to the system affect them. It should be retained as a quick reference guide to the new system. Further information is available at:

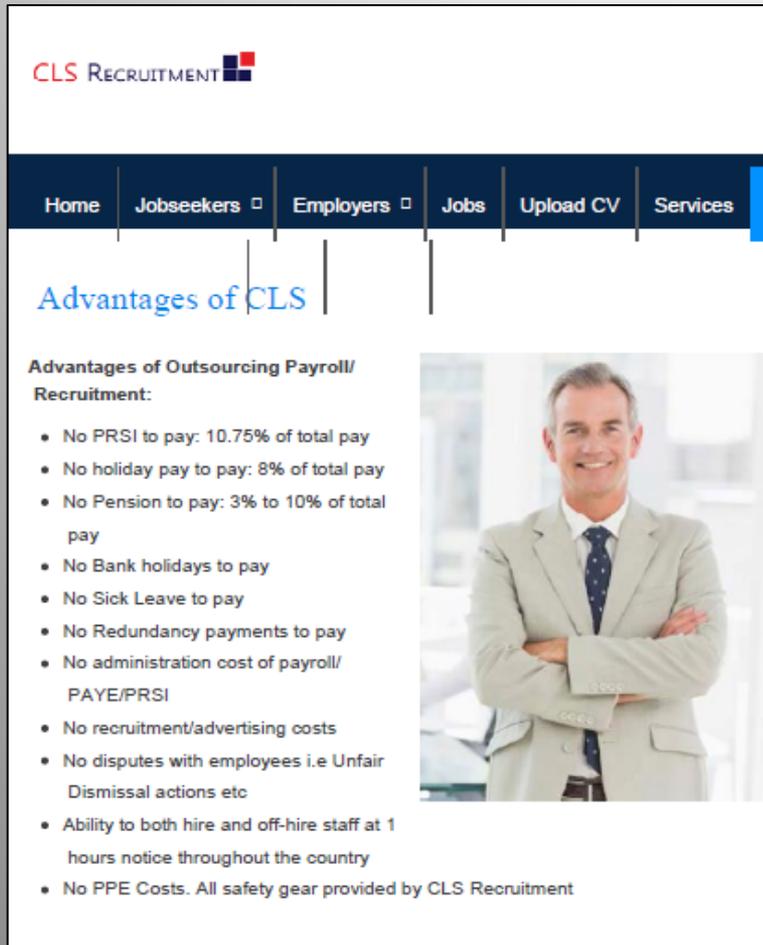
<http://www.revenue.ie/en/tax/rct/electronic-rct-system.html>

*Yeah. I am working for them [large firm], but I am a sub-contractor to a sub-contractor. It's bogus subcontracting, in essence, which is encouraged by the Revenue Commissioners... The subcontractor covers himself by telling your details to them and he says that [interviewee's name] is on a relevant contract for XXX euros for the next 6 weeks. The Revenue Commissioner acknowledges this and then sends me out a slip to say 'we acknowledge you are on...'.
Bricklayer*

Collective 'self-employment'

- *These boys got me a start on that job, 'Come out and work, there's work out here.' So I went out and worked for them, and the craic was, you get paid every two weeks. I say 'No bother, what way do we work it?' He says, 'The way it works is, there's three in a gang. You get the money one week, I'll draw the next week, he gets it next, we do it a round. Bricklayer*
- *So they drew my money, they drew it a couple of times, so I says, 'Right, it's my turn now'. So I've got out a bit of paper, write me name, me address, PPS number, bank account details, and I gave it to one of the boys working in the office ...Gave it to him and there was no joy. This went on for another couple of weeks...So I says, ask him what the story is with my details, so he says 'Oh I lost them'. So I produced them two more times after that there. Still no joy. So this was going on and going on...And it only came to light at Christmas when I rung the Revenue and I [found out I] wasn't registered. Bricklayer*

Ending the employment relationship



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Advantages of CLS

Advantages of Outsourcing Payroll/ Recruitment:

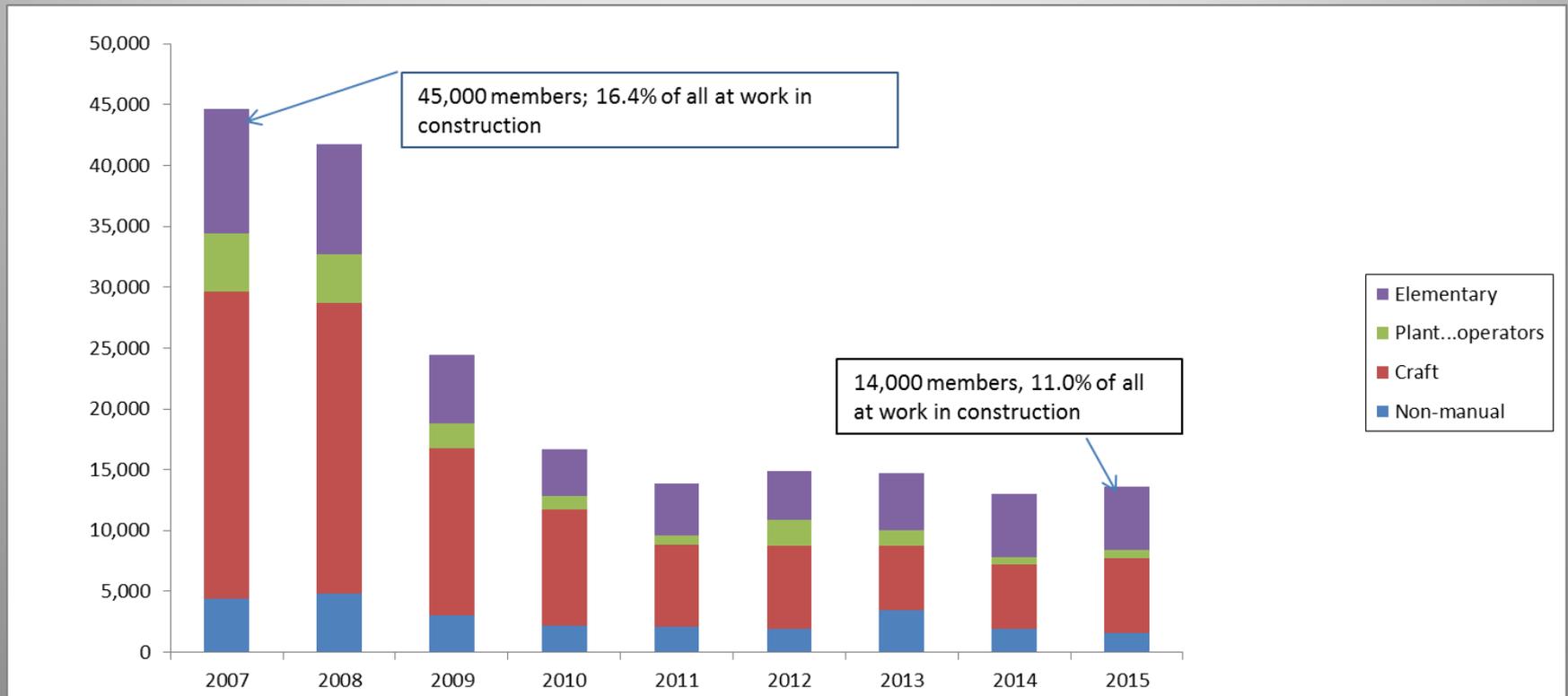
- No PRSI to pay: 10.75% of total pay
- No holiday pay to pay: 8% of total pay
- No Pension to pay: 3% to 10% of total pay
- No Bank holidays to pay
- No Sick Leave to pay
- No Redundancy payments to pay
- No administration cost of payroll/ PAYE/PRSI
- No recruitment/advertising costs
- No disputes with employees i.e Unfair Dismissal actions etc
- Ability to both hire and off-hire staff at 1 hours notice throughout the country
- No PPE Costs. All safety gear provided by CLS Recruitment



Bogus self-employment:

- Payment for task not time
- No employer's PRSI
- No minimum wage
- For workers: fewer PRSI benefits (no Jobseeker's benefit)
- *Possible* health and safety implications
- Fragmentation of the workplace

Declining trade union density



Source: QNHS (own analysis)

Further questions

- Conjuncture or long-term trend?
 - A short-term firm strategy to deal with the crisis or a lock-in to ‘degenerative competition’ (Behling and Hervey 2015)
- Specificities of Irish construction?
 - No long-term infrastructure plans and no state housing programme to smooth cycle?
- What chances for re-institutionalisation?

Thankyou for your attention!

Full paper at:

<http://www.tasc.ie/publications/bogus-selfemployment/>