

# MICROWORKING

## Table of Contents

Executive Summary	2
1. What Is Microwork?	6
2. General Trend in Atypical Working Patterns in Ireland	16
3. The Policy and Regulatory Environment for Microwork	26
4. Opportunities for the Application of Microworking In Ireland	35
5. Conclusions and Recommendations	40
Appendix 1: Example of Microworking System - ‘Slivers of Time’	41
Appendix 2: Example of Part-Time Jobs Initiative - Social Justice Ireland	44
Appendix 3: Extracts from 2011 NESC Report	45
Appendix 4: Supplementary Note on Addressing Undeclared Work	46
Appendix 5: Examples of Microwork Initiatives in Other Countries	49

# Executive Summary

## Context

- Microwork, in the context of this report, is considered to be “*Work that can be completed in a small block of time on a paid or voluntary basis*”. More specifically, based on international experience and current practice in Ireland it generally involves work which is undertaken for companies, individuals or community and voluntary groups, on a paid or unpaid basis, in blocks of about three hours or less, where there is no on-going commitment to continue the arrangement implied by either the worker or the entity providing the work.
- Microwork as a term is not widely recognised in its own right. As a consequence, the issues relating to it are often considered under broader headings such as ‘as-and-when’ work (used in the UK), casual work (Department of Social Protection), occasional work, (very) atypical, part-time work and flexible work. As such, there is no agreed international definition of what microworking encompasses.
- There has been a rapid rise internationally in the number of on-line microwork marketplaces and associated microworkers, although such marketplaces are not as yet widely available in Ireland.

## Trends in Atypical Work in Ireland

- Since 2002, the number of people working part-time has risen by 45% from 290,000 to over 420,000 in 2012. Part-time workers now represent 20% of the workforce.
- Some 171,000 of those working part-time considered themselves under-employed in 2012.
- Approximately 150,000 people worked less than 20 hours per week in 2012, up from 100,000 a decade ago.
- Among those working less than 10 hours per week in 2012 the number of men grew by 125% to 10,000 while the number of women rose by over 70% to 25,000 over the decade from 2002.
- One in five recipients of Jobseekers Benefit or Jobseekers Allowance in 2012 (amounting to almost 90,000 individuals) worked on a casual, seasonal or part-time basis.
- The number of people in part-time, temporary and short-term employment in companies supported by IDA Ireland, Enterprise Ireland, Shannon Development and Údarás na Gaeltachta at almost 41,833 in 2012 was its highest level over the last decade. The number has risen by 30% since 2009.

## Impact of Microwork on Unemployment in Ireland

- The direct impact of a microwork initiative on the numbers unemployed would take time to develop, as microworking is not an immediate means to full-time employment. Microworking would be attractive to those who are currently in the labour force but underemployed and those that have left the labour force for various reasons and wish

to reengage, albeit on a part-time basis, together with other groups that want to participate in the labour force such as those over 65.

- Ease of access to microworking opportunities in Ireland has the potential to deliver a social and financial dividend for unemployed and under-employed people and those seeking to re-enter the labour force, in a number of ways:
  1. Providing a supplementary source of income to the newly unemployed as they adjust to the rapid fall in income in the period while high expenditure commitments are being wound down (where possible). For the 9- or 12-month period while receiving Jobseekers Benefit<sup>1</sup>, individuals can earn income on three days while looking for full-time employment;
  2. Closing the gap between the existing level of employment and the desired level of employment for those part-time workers who are not on the Live Register but who consider themselves to be under-employed. This is a rapidly growing group having grown from 23,000 in 2009 to 63,000 in 2012.
  3. Providing a means of accessing the part-time opportunities for those people who are unemployed but looking for part-time work. Of these people, 78% were women in 2012.
  4. Offering a pathway into the workforce for those "marginally attached" workers who would like to work full-time, have looked for a job sometime in the past 12 months, but are currently not "actively" looking for work.
  5. Providing options for individuals on Family Income Support working part-time to access supplementary hours if needed to bring them up to the threshold of 19 hours required to maintain the support.
- If the requisite software (e.g. such as in other countries as the Slivers of Time model in the UK) were available to provide a centralised booking system for microworking to become widely utilised, the transaction costs associated with managing several microwork jobs are greatly reduced for individuals and employers.
- Microwork is a means for short- and long-term unemployed to keep in touch with the labour force, improve motivation and skills and maintain important personal networks while seeking full-time employment.
- For a small number of individuals, particularly those with caring responsibilities, microwork may fully meet their employment needs.

## Policy and Regulatory Environment

- The Protection of Employees (Part-Time Work) Act, 2001, the Protection of Employees (Fixed-Term Work) Act 2003 and the Protection of Employees (Temporary Agency Work) Act 2012 has created a legislative environment which largely protects the interests of microworkers.
- The Jobseekers Benefit and the Jobseekers Allowance administered by the Department of Social Protection (DSP) are currently calculated based on days worked. A review of whether to change from a days-based system to an hours- or half-day-system is being

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<sup>1</sup> This depends on the level of PRSI contributions made by the individual.

undertaken by DSP and a change to an hours based systems would be of benefit to microworking initiatives.

- There are still significant opportunities for unemployed and under-employed individuals both on and off the Live Register to microwork within the current regulatory context. Indeed, the nature of microwork is suited to matching people to opportunities which allow them to stay within the constraints dictated by the specific benefit they may be receiving.
- Tax compliance and ease of tax administration can be achieved by incorporating into any microworking initiative a system which allows individuals engaging microworkers to register as employers for tax purposes together with a payroll system linking in to the Revenue On-line Service (ROS).

## Microwork and Social Enterprise

- Microworking is not just of relevance to local, community and social enterprise, as its use can extend potentially to the whole enterprise sector. This review has specifically examined the relevance of microworking to social enterprises. There are three primary ways by which microwork can be a basis for social enterprise development in particular, including:
  1. models whereby a social enterprise could aggregate work to be conducted by a marginalised or disadvantaged community;
  2. mobilisation of a cohort of volunteers on a micro-volunteering basis; and
  3. co-ordination of a cohort of individuals working a few hours at a time on projects with a social good or aim. This is most prevalent in care and community development settings and may also be of particular benefit to older people and those retired who wish to continue actively engaged in work.

## Conditions for a Microwork Initiative to be Effective

- For either a private or public sector-led microwork initiative to work there must be workers, work, an effective marketplace, an organisation to act as a strong catalyst and, to be fully effective, a substantial support infrastructure which can facilitate booking, vetting, payroll and worker evaluation.
- The availability of software platforms and open access networks can greatly facilitate the development of microworking initiatives and schemes. For example, the Slivers of Time software platform in the UK has been developed as a means of creating an effective marketplace underpinned by a substantial support infrastructure. It can be used as a system for internal scheduling for large companies and organisations, peak time resourcing solutions, creating a local services network for neighbourhoods, sourcing relief care staff for carers, mobilising volunteers and facilitating engagement in the workforce. There are other examples similar to Slivers of Time and these are outlined in Appendix 5.
- The elements needed to roll out a microwork initiative in Ireland are largely in place. However, it needs to be driven by one or more private or public organisations with strong leadership capability which can act as a catalyst among specific communities and constituencies.



## Conclusions and Recommendations

Overall, the conclusion of this review is that microworking can make a contribution to the efficient functioning of the labour market in general, providing opportunities for access to short-time work for individuals, and in meeting the employment objective of the Government in keeping unemployed and under-employed people (both on and off the Live Register) in contact with the labour market. In particular, the review of the evidence in other countries indicates microworking can offer a pathway into the workforce with additional socialisation and social capital benefits.

In this context, the following next steps are proposed for consideration:

1. As part of overall labour market policy development, review how best to encourage private sector goods and services providers and social media/IT and recruitment organisations to develop microworking-type marketplaces, in conjunction with the public sector. In relation to public sector involvement, the greatest opportunity is through the involvement of local authorities and the Department of Social Protection and the Department of Health at local and community level, encouraging the development and use of microworking-type platforms. Local employer groups are best placed to facilitate a small number of pilots to act as catalysts at a community level to deploy microwork initiatives in Ireland, for example, in a specific geographic area or with a group of carers, in advance of the development of a nationwide network. Any microwork initiative should provide a full-service software-based support infrastructure that would facilitate, among other features, employer registration for tax purposes, PAYE payments, Garda vetting, tracking of hours and days worked, worker evaluation, booking and booking confirmation. Two options could be explored to progress an initiative:
  - working with social media/IT and recruitment firms in Ireland to explore the potential to further extend existing software platforms, skills exchange and marketplace type offerings, and to explore the potential to develop industry-led initiatives in microworking (in consultation with EI); and
  - deploying one of the systems already operational in other countries.
2. In order to facilitate the greater take-up of micro- and part-time working, the review of the impact of the days-based system of Jobseekers' payments by the Department of Social Protection is important, to determine if an hours-based approach would facilitate the greater uptake of part-time employment and microwork.

# Microworking in Ireland: A Scoping Report to Identify Its Employment Potential

## 1. What Is Microwork?

### 1.1 Background

As part of the Action Plan for Jobs, 2012, Forfás was assigned, *inter alia*, the following action point:

*Report on the potential of social enterprise to create jobs. The report will identify the actions required, in funding, procurement, etc., by Government and other relevant bodies and agencies to create jobs in this sector. It will examine potential initiatives in this area (e.g. a Micro-Working Initiative) and will be prepared with particular reference to the European Commission's Social Business Initiative and associated funding.*

Forfás has completed a separate report on the employment potential of Social Enterprise, and this report sets out the analysis completed in relation to the potential of microworking in Ireland.

In order to understand the range of issues involved in examining 'a Micro-Working Initiative', Forfás commissioned Sapitwa Consulting to prepare a report on microwork incorporating a number of research elements, including:

1. An assessment of the relevance of the microworking concept with respect to:
  - Its role in increasing flexibility in the labour market;
  - Its potential contribution to employment and to enterprise competitiveness;
  - The role of microworking as a facilitator of volunteering, both in general and in connection with social enterprise;
2. The need for external and independent certification of the offer and of the people putting themselves forward. (This is because microworking necessarily provides no real opportunity for on-the-job assessment of the suitability of the person concerned for the hours that are offered);
3. Any implications identified by the relevant bodies for changes in labour legislation and in taxation and social security systems in order to facilitate microworking;
4. Any available information on the application of microworking in other countries and any lessons learned;
5. The scope for a government initiative to encourage microworking, and any suggestions as to what form this initiative should take.

As part of the review, meetings were held with representatives of the Revenue Commissioners, the Department of Social Protection and the Department of the Environment, Community and Local Government. Forfás is also grateful to the National Economic and Social Council which provided a number of useful comments on the report.

## 1.2 Terminology in Microwork

For the purposes of this scoping report, microwork is considered to be:

*“Work that can be completed in a small block of time on a paid or voluntary basis”.*

More specifically, it is work which is undertaken for companies, individuals or community and voluntary groups, on a paid or unpaid basis, and based on international experience and practice in Ireland is in a block of 3 hours or less where there is no on-going commitment to continue the arrangement implied by either the worker or the entity providing the work.

Microwork is not a term that is used on a widespread basis either in Ireland or internationally. Furthermore, microwork has not, to date, been dealt with as a concept in its own right in a policy or legislative context. Other types of work are more strongly established as concepts and in many cases legislation and policy have been developed in relation to them and such policy and legislation would also apply to microwork where microwork is a subgroup of the other type of work.

The term has evolved within the virtual/digital/internet communities to mean digital work which can be broken down into a series of small tasks and completed remotely by individuals. However, this is a subset of the larger microwork space as envisaged in the Action Plan for Jobs.

As microwork is not widely recognised in its own right, the issues relating to it are often considered under broader headings such as ‘as-and-when’ work (used in the UK), casual work (Department of Social Protection), occasional work, (very) atypical<sup>2</sup>, part-time work and flexible work.

As defined above, microwork can apply in all sectors. It is currently more prevalent in domestic services, caring and respite services, contract cleaning, market research, media (website tagging, blogs) and design. It is feasible that it will become more prevalent in other sectors as the technology to match microworkers and microwork develops.

Crowd sourcing, human cloud and on-line market places are terms used to designate the means and the places by which large numbers of microworkers can access microwork opportunities.

## 1.3 Requirements for Microwork to Flourish

In order for a microwork initiative to function, a number of structures need to be in place.

For requesters and microworkers:

- A marketplace recognised by both requesters and workers where information on the work available and/or the workers available can be easily accessed. In the experience of Slivers of Time in the UK a significant local ‘catalyst’ such as a local authority is needed to kick-start the system, though it is recognised that in the UK local authorities provide social services to the community, either directly or through contracts, which does not happen in Ireland;

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<sup>2</sup> According to the European Foundation for the Improvement of Living and Working Conditions (Eurofound) the definition of very atypical forms of work includes non-written employment contracts, contracts of less than 10 working hours a week and very short, and fixed-term contracts of six months or less.



- A system by which the quality of the worker can be evaluated. Typical systems are grading of performance on similar tasks performed earlier, referrals and recommendations, qualifications, past experience and face-to-face interview.
- Payment systems which make it easy for the requester to make payments and the microworker to receive payments. In on-line environments, this can include a facility for escrow payments whereby workers are not fully paid until the requesters indicate that they are happy with the work.

For evidence of compliance with tax obligations:

- Information on the level of earnings generated by an individual from microwork or a self-assessed declaration that it does not exceed a specific threshold.
- Payment of the relevant PAYE, PRSI, USC and other charges.
- Information on the status of the individual as either employed or self-employed.

For evidence of time worked or earnings:

- A way of tracking the amount of time worked or the amount earned by an individual if they are in receipt of a benefit or payment. The criteria vary depending on the benefit received. For Jobseekers Allowance and Jobseekers Benefit the tracking is by way of self-declaration.
- Evidence of the associated PRSI payments made.

For protection of vulnerable groups:

- Suitable background checking processes for all workers working with children, the elderly and other vulnerable groups.

#### 1.4 Characteristics of Microwork

Table 1 outlines profiles of some the common types of work carried out in Ireland which could fall under the microwork umbrella. We note that:

- The work can be done for an individual (numbers 1,9,10,14), company (2,3,4,5,6,7,8,12), charity (11) or community and voluntary group (13);
- The organisation seeking the service (the requester) can be based in Ireland (1,2,3,6,7,9,10,11,12,13,14) or abroad (4,5,8);
- Under the Revenue Code of Practice for Determining Employment or Self Employment Status of Individuals, the status of the worker in Ireland can be as an Employee (2,3,6,7,12,14) or Self-employed (1,4,5,9,10) depending on the circumstances;
- For employees, some may be classified as part-time employees (2,7,12) or employees on zero-hours contracts (3) and benefit from protection under the Organisation of Working Time Act, 1997, while others would be classified as casual and not benefit from these protections<sup>3</sup> (6);

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<sup>3</sup> See Wtc/11/58 (R-076846-Wt-09/Jc) Determination Of The Labour Court No. Dwt1145 Section 28(1), Organisation Of Working Time Act, 1997 in relation to Contract Personnel Marketing Ireland

- Work is paid for by completed job (database created, site visit or information sought) or by time (generally hour);
- The payment can be made by the requester or an intermediary (3,5,8);
- The payment can be in cash (1,9,10,14), international electronic funds transfer (EFT) (4), PayPal (5), vouchers (8) or local Electronic Fund Transfer (2,3,6,7,12);
- Some workers (2,7) need to consciously restrict the number of hours worked or amount earned if they do not want to jeopardise existing receipts from the Department of Social Protection;
- The jobs vary from 5 to 10 minutes to up to a few days but tend to be no more than a few hours a day;
- The skills level required varies from low to relatively high (education, nursing, computer science);
- The corresponding remuneration levels also vary but tend to be low relative to full-time employment particularly as social insurance and benefits are generally not included;
- The various microwork environments have specialised market places, differing quality assurance systems and Garda/background check requirements; and
- The history of compliance regarding declaration of earnings to the Revenue Commissioners varies from group to group and within groups as do the structures for providing information to the Department of Social Protection.

**Table 1.1 Illustrative Examples of Microwork in Ireland**

No.	A...	...carries out a job for...	...as a...	...for...
1	Full-time teacher	Multiple local students	Physics tutor at own home	3 hours a week @ €35 per hour
2	Lone mother	Home help company in Kells	Carer in private homes	3 hours a morning, 5 mornings a week @ approx. €10 per hour
3	Nurse caring for aging parents	Nursing agency	Nurse on-call at various locations	4 Sundays a month at approx. €35 per hour
4	Spouse of a PAYE worker with pre-school children	Australian based Gapbuster	Mystery shopper evaluating customer service in an Irish shop.	1 visit @ approx. €20

5	Computer Science Masters Student	A French hotel identified on elance.com	Database developer	1 €800 project secured after competitive tendering @ €25 p/h
6	Retired nurse	Irish merchandising company	Sales promotion assistant	Occasional Saturdays @ €18 per hour
7	Participant on the Part-time Job Incentive Scheme	An Irish-based cleaning company	Morning cleaner	3 hours per evening 5 evenings a week @ €8 per hour
8	Redundant Architect	US small company identified on Amazon's Mechanical Turk	Researcher of contact details for lawyers in Dallas, Texas	100 contacts @ €0.50 per contact (average USD\$6 - 9 per hour)
9	Teenager	Neighbours	Dog-walker and babysitter	2 hours a week on average @ €8 per hour
10	Lithuanian graduate	Multiple individual households	Domestic cleaner	16 hours a week @ €10 per hour
11	Accountant	Local charity	Treasurer and Board member	On-going on a pro bono basis
12	Shop assistant	Local store	Shelf-stacker	Occasional peak time hours and Christmas period at €9 per hour
13	PAYE worker	The local residents association	Litter removal on the local canal	1 day a year for no remuneration
14	Self-employed maintenance contractor	Multiple individual households	Small maintenance jobs	€80 call out charge

## 1.5 International Market Places

There has been a rise in the number of international market places where Irish people can source microwork. Examples of international marketplaces are:

- Gapbuster Worldwide, based in Australia is a company carrying out mystery shopping, audits and surveys for global clients in over 105 countries using a 400,000 strong field force of mystery shoppers and professional auditors. Mystery shoppers in Ireland are co-ordinated directly from Australia.
- MySurvey is a consumer panel made up of individuals who have volunteered to participate in market research studies. MySurvey is owned and operated by the market research firm Lightspeed Research which operates and performs research around the world. Irish microworkers complete surveys for points which can be redeemed in gift vouchers and charity donations
- 99 Designs ([www.99designs.com](http://www.99designs.com)) is an Australian design-based marketplace specialising in logo design and webdesign. Payments to designers in August 2012 amounted to AUS\$1 million.
- LiveOps “the largest cloud contact centre in the world” allows call-centre workers sign on for shifts in 30-minute increments and then uses the Web to route calls to them. It has a team of 20,000 independent home agents who deliver the customer service.
- UTest, established in 2007, has 60,000 testers and QA professionals in 190 countries providing a 24/7 software testing service.
- In July 2012, Elance had almost 1.8 million registered contractors up from 1.1m in 2011. In 2011 earnings by contractors reached USD\$140m. Over 2,000 jobs are posted every day. Of current contractors 5,200 are registered in Ireland<sup>4</sup> and earnings in Ireland since 2006 have been almost \$870,000 at an average of \$1,660 per person at \$25 per hour. 15,000 jobs have been posted from Ireland since 2008 with an average budget of \$937 and average pay of \$18 per hour;
- Mechanical Turk, established by Amazon in 2005 has 50,000 ‘Turkers’ - with some listed in Cavan, Athy, Ballina, Naas, Kilkenny, Waterford<sup>5</sup>. Workers on Mechanical Turk are paid in dollars in the US, in rupees in India and in Amazon gift vouchers in the rest of the world. In 2010, Panos Ipeirotis, Associate Professor of the School of Business of New York University, carried out a survey of workers on Mechanical Turk<sup>6</sup> and found that the average worker in the US was young and relatively well educated. He further observed:
 

*“Approximately 50% of the workers come from the United States and 40% come from India. ...Significantly more workers from India participate on Mechanical Turk because the online marketplace is a primary source of income, while in the US most workers consider Mechanical Turk a secondary source of income..... Most participants in the US use Mechanical Turk as a supplementary source of income, and often Mechanical Turk is used by stay-at-home parents, unemployed and under-employed workers, and so on. Since females are more likely to fit into these categories, there is a corresponding increase in representation (60%).... In general most workers spend a day or less per week working on Mechanical Turk, and tend to complete 20-100*

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4 <https://www.elance.com/trends/talent-available/geo#GeoRanking>

5 <http://techlist.com/mturk/global-mturk-worker-map.php>

6 Demographics of Mechanical Turk <http://archive.nyu.edu/bitstream/2451/29585/2/CeDER-10-01.pdf>

*(tasks) per week. Correspondingly, this generates a relatively low income stream for Mechanical Turk work, which is often less than \$20 per week.”*

- Clickworker has a community of 200,000 ‘clickworkers’ completing micro jobs such as:
  1. Travel data research: Search for comparable prices on travel portals \$0.12/per search
  2. Choose your 10 favourite Timeless Pop songs of all time: \$0.10
  3. Select 10 songs from the following list. \$0.11
  4. Writing English texts about a given flight destination: Write an English text for Lufthansa about a given flight destination, Length: approximately 160 words for \$1.84 per destination.

According to Clickworker.com the average worker can expect to earn \$9.00 per hour.

- Fiverr ([www.fiverr.com](http://www.fiverr.com)) is an Israel-based operator of a global online marketplace for buying and selling services. “Merchants, entrepreneurs, contractors and workers in more than 200 countries use Fiverr to monetize their skills, talents and resources. They can offer “Gigs”, ranging from web design, logo creation and market research, to personal greetings and video animation, in Fiverr. Customers can then access these jobs for services they need rendered. Fiverr helps service-providers collect payments, promote their services, manage orders, exchange files and communicate with buyers<sup>7</sup>”. In May 2012 for example tasks on Fiverr ranged from \$5 to \$150, and there were over 650,000 tasks and services listed.
- oDesk ([odesk.com](http://odesk.com)) had 1 million contractors in 150 countries in 2012 up from 330,000 in 2009 and Crowdspring ([www.crowdspring.com](http://www.crowdspring.com)) had 124,000 ‘creatives’ from 185 countries.

## 1.6 Microwork as a Basis for Social Enterprise

There are three primary ways by which Microwork can act as a basis for Social Enterprise:

- The model whereby a social enterprise aggregates work to be conducted by a marginalised or disadvantaged community;
- The mobilisation of a cohort of volunteers on a micro-volunteering basis; and
- The co-ordination of a cohort of individuals working a few hours at a time on projects with a social good or aim (most prevalent in care and community development settings).

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<sup>7</sup> <http://techcrunch.com/2012/05/03/task-based-marketplace-fiverr-raises-15m-from-accel-and-bessemer/>. Search Ireland for a list of services offered from Ireland.

### 1.6.1 Aggregating Work for a Marginalised or Disadvantaged Community

Samasource<sup>8</sup> is a non-profit crowdsourcing company providing employment to people living in poverty in developing countries by giving them work that can be performed using a computer. Companies can use the Samasource platform to upload and process files as projects for tasks in the areas of text and content, data mining and tagging as well as transcriptions of audio and video files. The Samasource team breaks down projects into individual tasks and distributes the jobs to groups such as women in India, refugees in Somalia and workers in Kenya.

In a similar vein, MobileWorks proposed introducing its microwork outsourcing programme in Jamaica in July 2012. The company's target is to generate about 1,000 jobs within half a year, and up to 10,000 in the long-term<sup>9</sup>.

The model is potentially replicable but does not seem to have been successfully emulated so far. This may be related to the considerable challenges in securing and developing relationships with the work-providers (Microsoft, Google etc.). However, the model has potential for development for disadvantaged and marginalised communities in Ireland if relationships can be developed with the work providers.

### 1.6.2 Micro-Volunteering

Micro-volunteering can be both virtual and traditional. In the virtual space, Sparked.com is a micro-volunteering website where volunteers can assist charities, community and voluntary organisations mainly in relation to tasks which can be completed on a computer (text editing, graphic design, web-design, fund-raising ideas, contact databases etc.). The community works on a crowd-source model whereby a number of people work on the same project and the organisation chooses the best option emerging from the creative process. From the website it appears that most projects have 2 to 6 people working on them.

Help From Home (helpfromhome.org) provides information on micro-volunteering opportunities that can be conducted from home. In January 2011, it was mentioned in the UK Government Green Paper, 'Giving' as an example of a platform that can help people volunteer in non-traditional ways as part of the Big Society vision. In April 2011, it published *How To Set Up a Micro-volunteering Project*, a 40 page handbook for charities and non-profits.

The mobile phone company Orange launched a 'Do Some Good' application (<http://dosomegood.orange.co.uk/>) which aims to encourage individuals to volunteer using the mobile technologies at their disposal.

Following a more traditional route is the Spots of Time initiative ([www.spotsoftime.org.uk](http://www.spotsoftime.org.uk)) being piloted for care homes in London and Essex. The objective is to provide care homes with a link to skilled people in the neighbourhood to make it easy for them to capitalise on the skills, talents and enthusiasm of those who live nearby. The types of activities chosen mean that volunteers do not need to be vetted.

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<sup>8</sup> Samasource has 16 work centres across nine countries including India, Kenya, Haiti, Pakistan and Uganda. They provide free, specialised technology training and all the workers are certified. It works with local delivery centre partners who recruit, hire and train poor young women who have no formal work experience and are currently earning less than a living wage.

<sup>9</sup> Jamaica Information Service, 28 August 2012



Slivers of Time, another UK-based system, also enables groups to mobilise volunteers but has the added advantage of being able to incorporate vetting into the process.

### 1.6.3 Mobilising Workers to Undertake Projects with a Social Objective

The Slivers of Time system piloted in the UK allows organisations to mobilise workers not only on a volunteer basis but also on a microwork basis. Their experience indicates that the initiative needs a significant local catalyst in order to kick-start progress. In the UK, local authorities have been instrumental partners in establishing microwork market places. In these cases, cost reduction is a key motivator in addition to service delivery.

A natural extension of the model is to use the system to mobilise workers in order to achieve a social objective. In this sphere, Slivers of Time has been most successful in the social care and healthcare sectors (particularly care in the home). However, scope exists for the system to be deployed in a community development context. The system acts as a marketplace for workers and ‘employers’ (either individuals or organisations) and hosts booking, tracking, worker evaluation, payroll and other features.

## 1.7 Microwork and Competitiveness<sup>10</sup>

In September 2011, the economist Jim Power carried out an economic assessment of the Agency Worker Directive for the National Recruitment Federation. As part of the analysis, he identified the major benefits of the flexibility of agency staff:

*“The multi-national sector and the health service are two of the principle areas of the Irish labour market where agency workers play an important role in the functioning of the market. However, agency workers are now being increasingly utilized in retail, telesales, credit control, office administration, human resources, industry, finance and the hospitality sector.”*

Given the scope within the multinational sector for the types of ICT microwork initiatives discussed earlier and the relevance of microworking to the healthcare sector (as demonstrated in the UK), it is reasonable to extrapolate that some of the benefits of agency work to competitiveness could extend to microwork.

The access to short-term temporary contracts is very important to multinationals and at any one time over 10% of the workforce is on such contracts (see section 2.4). Power points out that Gray *et al* (2010)<sup>11</sup> identified Education, Skills and Research & Development as the second most important criteria in establishing a comparative advantage in terms of attracting mobile foreign investment. Within this category, a *flexible labour force* is second only to *access to skilled employees* in importance. Having a flexible workforce can therefore be a contributing factor in attracting foreign direct investment.

The benefits in maintaining and developing skills were identified for the employees:

*“In the current difficult economic and labour market environment, attaining full-time employment is very difficult and the agency route does provide a very valuable opportunity*

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<sup>10</sup> <http://www.nrf.ie/images/image/AWD%20Economic%20assessment.pdf>

<sup>11</sup> Gray, Alan W., Swinand, Gregory P., & Batt, William H., ‘Economic Analysis of Ireland’s Comparative Advantages for Foreign Investment, 2010

*to maintain existing skills and develop new ones. This could be of major benefit if and when more normal economic and labour market conditions materialize.”*

The benefits to the companies of agency work were identified as:

- Increased flexibility as adding to the permanent workforce often requires particular costs which limit an employer’s ability to be flexible in taking on new employees;
- For companies with a ‘freeze’ on permanent employment, the use of agency workers to fulfil a clear requirement for extra staff is frequently used to circumvent such limitations:
- Agency workers can fill roles temporarily vacated by permanent employees due to a variety of reasons such as sick-leave, maternity leave, holidays or career break;
- The use of agency workers obviates the need for employers to engage in a time consuming and often expensive search process. It allows companies outsource recruitment and achieve cost savings;
- They allow new skills to be tested;
- They allow specialist skills to be acquired for short-term projects;
- Multi-national companies setting up in a country or expanding often use agency workers until they can fill all of the vacancies on a full-time basis. This allows production to proceed from an early stage;
- The use of agency workers allows greater control over payroll costs, which is important for any company in an increasingly competitive globalised economy, but is particularly important in the current very difficult economic circumstances;
- It allows companies the flexibility to satisfy increased business and stronger demand until it becomes clear that the growth in business is permanent and sustainable, rather than just a temporary cyclical phenomenon. In many cases companies cannot commit to long-term hiring until it becomes clear that the increase in business is quasi-permanent;
- In the current very difficult and challenging economic environment, the use of temporary workers does provide greater flexibility in downsizing in order to ensure the longer-term survival of the business; and
- For companies that require short-term staff, the use of an agency simplifies the logistics of sourcing and paying suitable candidates.

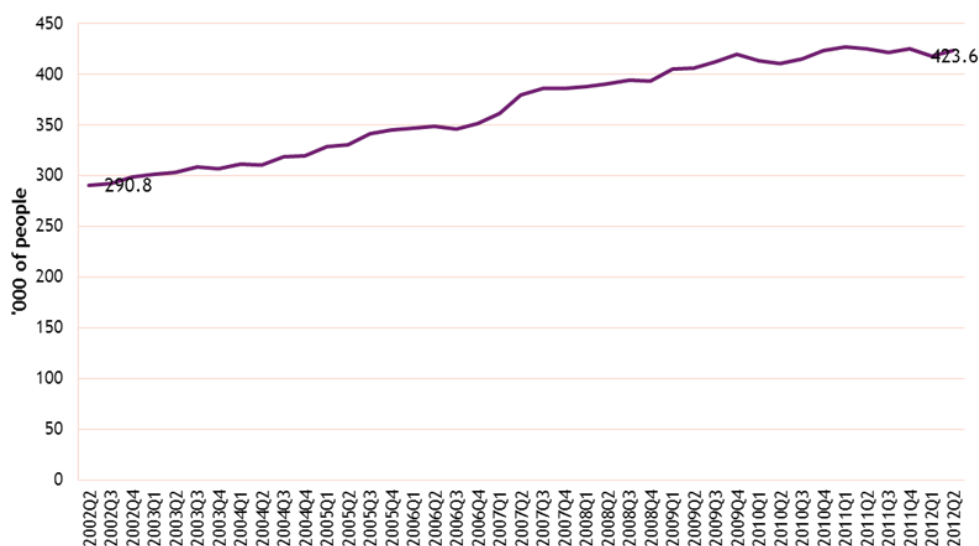
## 2. General Trends in Atypical Working Patterns in Ireland

Based on an analysis of a range of data sources, there is an overall trend of an on-going move towards atypical working patterns in Ireland. Two main datasets are used in this section: the Quarterly National Household Survey which on a quarterly basis provides the official measure of employment and unemployment in the state (ILO basis), and the Live Register which provides a monthly series of the numbers of people (with some exceptions) registering for Unemployment Assistance/Benefit or for various other statutory entitlements at local offices of the Department of Social and Family Affairs.

### 2.1 General Increase in the Number of People Working Part-Time

Since 2002, the number of people working part-time has risen by 45% from 290,000 to over 420,000 in 2012.

Figure 2.1. Numbers in Part-Time Employment by Quarter (2002-2012)



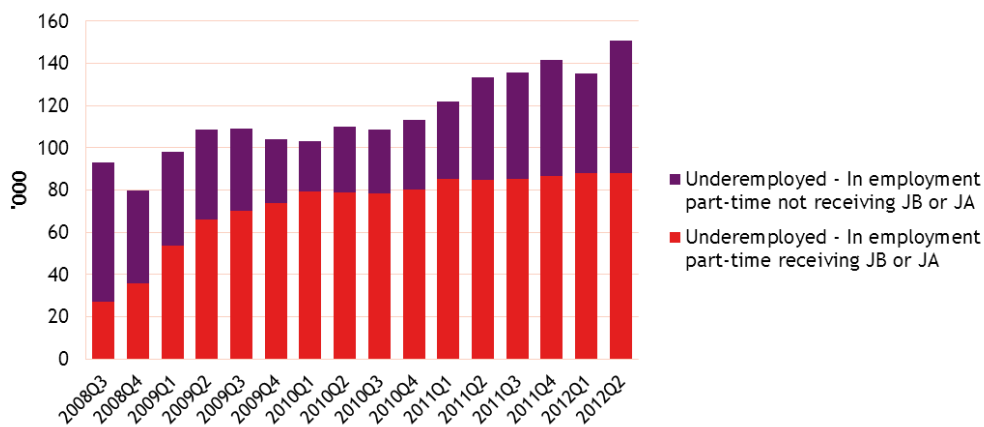
Source: CSO Quarterly National Household Survey (September 2012) <sup>12</sup>

In May 2012, the number of people working part-time represented 20% of the labour force.

It should be noted however that there is a rapidly increasing number of involuntary part-time workers. The number of part-time workers who consider themselves under-employed has risen from 93,000 to over 150,000 since 2008 and now represents 35% of all part-time workers. Furthermore, an increasing proportion of these are not on the live register as they are not in receipt of JB or JA.

12 [www.cso.ie/px/pxeirestat/Database/eirestat/Quarterly National Household Survey Main Results/Quarterly National Household Survey Main Results\\_statbank.asp?SP=Quarterly National Household Survey Main Results&Planguage=0](http://www.cso.ie/px/pxeirestat/Database/eirestat/Quarterly%20National%20Household%20Survey%20Main%20Results/Quarterly%20National%20Household%20Survey%20Main%20Results_statbank.asp?SP=Quarterly%20National%20Household%20Survey%20Main%20Results&Planguage=0)

Figure 2.2. Numbers Under-Employed by Quarter (2008-12)

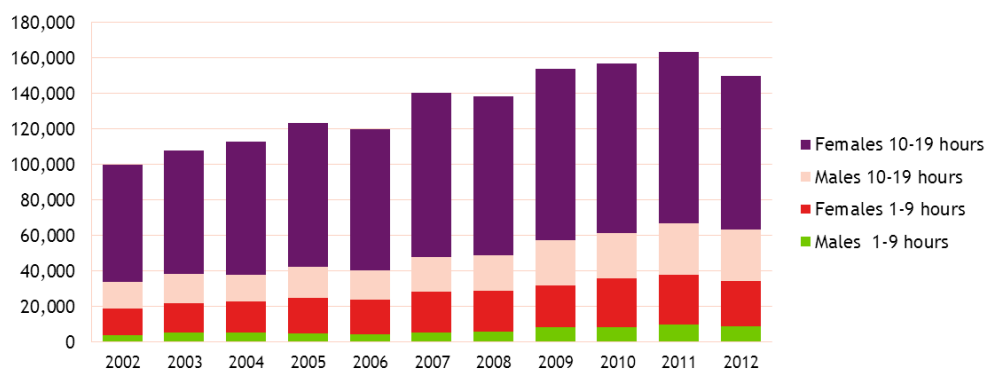


Source: Derived from CSO Quarterly National Household Survey and Live Register (September 2012) <sup>13</sup>

## 2.2 Growth in the Number of People Working Less Than 20 Hours per Week

The Quarterly National Household Survey indicates that approximately 150,000 people currently work less than 20 hours per week, up from 100,000 in 2002. By far, the largest group are females working between 10 and 19 hours a week and this has increased by almost a third to 86,000 since 2002. However, a much higher growth rate is evident among men working between 10 and 19 hours (96%) although the absolute number is considerably lower at 29,000.

Figure 2.3. Numbers and Profile of People Working Less than 20 Hours (2002-2012)



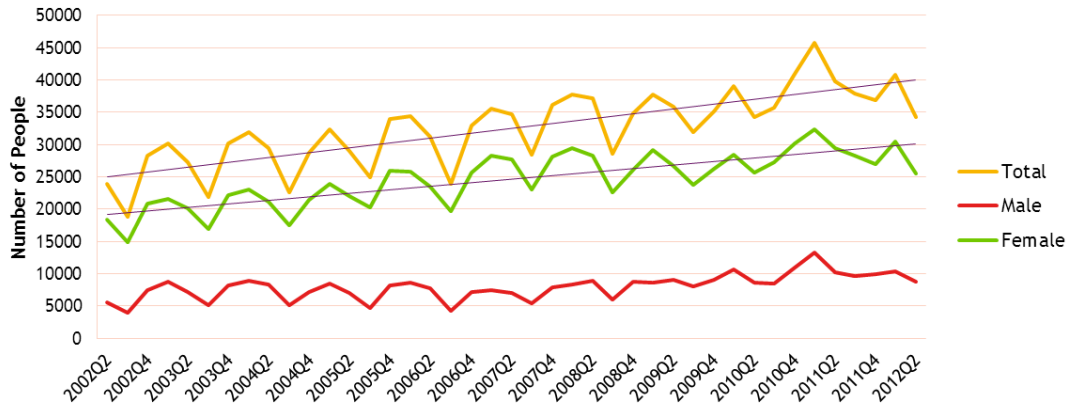
Source: CSO Quarterly National Household Survey (September 2012)

Over 35,000 individuals operate at the microwork end of the spectrum working less than 9 hours a week.

<sup>13</sup> [www.cso.ie/px/pxeirestat/Database/eirestat/Quarterly National Household Survey Main Results/Quarterly National Household Survey Main Results\\_statbank.asp?SP=Quarterly National Household Survey Main Results&Planguage=0](http://www.cso.ie/px/pxeirestat/Database/eirestat/Quarterly%20National%20Household%20Survey%20Main%20Results/Quarterly%20National%20Household%20Survey%20Main%20Results_statbank.asp?SP=Quarterly%20National%20Household%20Survey%20Main%20Results&Planguage=0)

Among those working less than 10 hours per week the number of men grew by 125% while the number of women rose by over 70% over the decade.

**Figure 2.4. Numbers Working Between 1-9 Hours per Week by Quarter (2002-2012)**



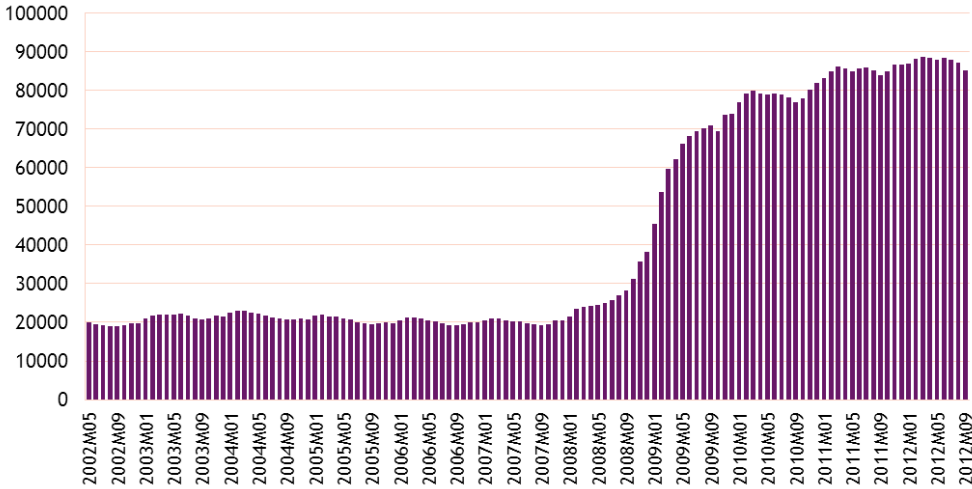
Source: CSO Quarterly National Household Survey (September 2012)

### 2.3 Number of Recipients of Jobseekers Benefit or Jobseekers Allowance Working

Recipients of Jobseekers benefit (JB) may work on 3 days a week and still be eligible for payment of the full amount. Those on Jobseekers' Allowance (JA) may also work but the earnings have an impact on the allowance received.

The number of recipients of Jobseekers Benefit or Jobseekers Allowance working on a casual, seasonal or part-time basis hovered around 20,000 for the five years 2002 to 2007 but has since accelerated significantly rising to almost 90,000 at the start of this year. This sharp increase is likely due to a large movement of staff from full-time employment to 'Short-Time Employment' particularly in the hospitality and retail trades as a result of the recession.

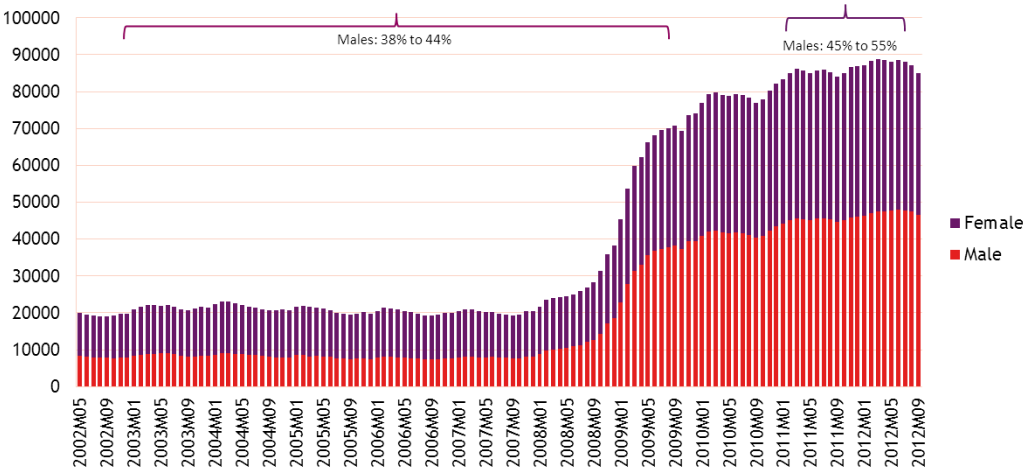
Figure 2.5. Number of Recipients of Jobseekers Benefit or Jobseekers Allowance Working on a Casual, Seasonal or Part-Time Basis by Quarter (2002-2012)



Source: CSO Live Register (September 2012) <sup>14</sup>

Between 2002 and 2009, the majority of such workers were female but over the last two years the proportion of men has risen steadily and now represents 55% of the total.

Figure 2.6. Number of Recipients of Jobseekers Benefit or Jobseekers Allowance Working on a Casual, Seasonal or Part-Time Basis by Sex and Quarter (2002-2012)



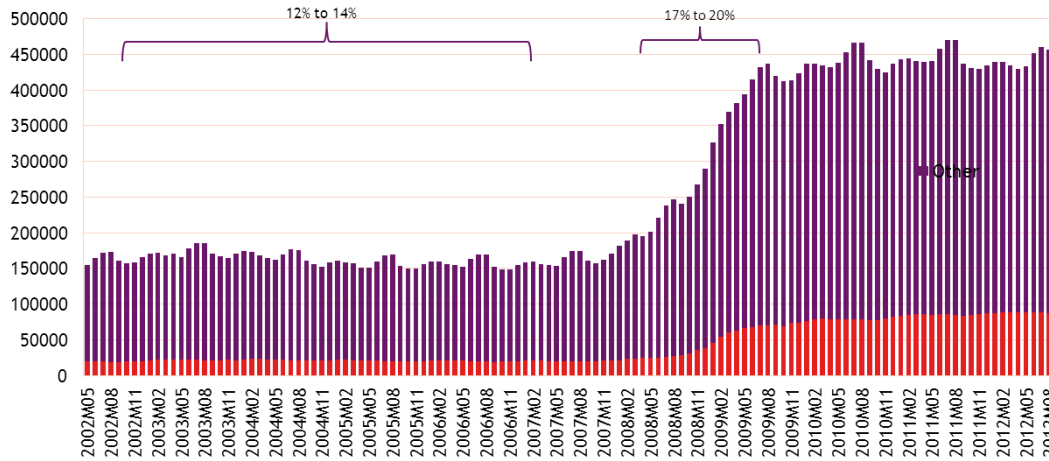
Source: CSO Live Register (September 2012)

By September 2012, recipients of Jobseekers Benefit or Jobseekers Allowance working on a casual, seasonal or part-time basis, represented 20% of all individuals on the Live Register, up from 12% five years ago.

14 [www.cso.ie/px/pxeirestat/Database/eirestat/Live\\_Register/Live\\_Register\\_statbank.asp?SP=Live\\_Register&Planguage=0](http://www.cso.ie/px/pxeirestat/Database/eirestat/Live_Register/Live_Register_statbank.asp?SP=Live_Register&Planguage=0)



**Figure 2.7. Individuals on Jobseekers Benefit or Jobseekers Allowance Working on a Casual, Seasonal or Part-Time Basis as a Proportion of All Individuals on the Live Register by Quarter (2002-12)**



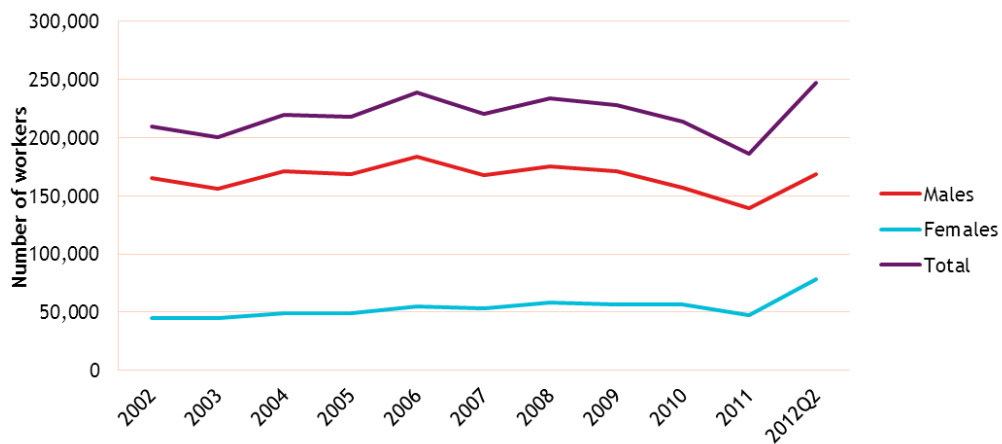
Source: CSO Live Register (September 2012)

#### 2.4 Workers with Variable Hours

Finally, the Quarterly National Household Survey captures the number of workers who indicate that they work variable hours (includes those who do not state their usual hours worked). These vary between 200,000 and 250,000 with the majority of workers males. While this number showed a downward trend over the last three years, it has shown a dramatic rise in the most recent reporting period 2012Q2. The specific reason for this rise is not clear<sup>15</sup>.

<sup>15</sup> Consultation with CSO did not reveal any specific reason for the rise.

Figure 2.8. Number of Workers with Variable Hours (2002-2012)

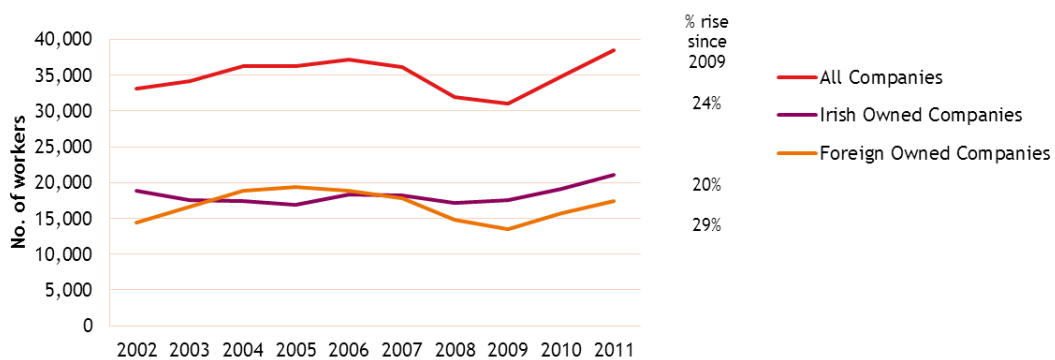


Source: CSO Live Register (September 2012)

### 2.5 Atypical Workers in Industry

The number of people in part-time, temporary and short-term employment in manufacturing and internationally traded services companies supported by the enterprise development agencies (IDA Ireland, Enterprise Ireland, Shannon Development and Údarás na Gaeltachta) at almost 38,500 in 2011, as illustrated in figure 2.9, and increased further to 41,833 in 2012, an increase of 30% from 2009.

Figure 2.9. Number of People in Part-Time, Temporary and Short-Time Employment in All Manufacturing and Internationally Traded Services Companies Supported by the Enterprise Development Agencies (2002-2011)



Source: Forfas Annual Employment Survey 2011 <sup>16</sup>

<sup>16</sup> www.forfas.ie/media/30082012-Annual\_Employment\_Survey\_2011\_Appendix-Document.pdf

## 2.6 Agency Workers

The 2012 survey of the National Recruitment Federation<sup>17</sup>, the representative body of the recruitment agency sector in Ireland, identifies approximately 50,000 agency workers with the number increasing by almost 15% since 2012.

The budget for agency staff working as nurses, dentists, social care workers, administrators and general support staff within the HSE rose from €117million and €127million in 2007 and 2008 respectively to €150million and €200million in 2010 and 2011<sup>18</sup> (including agency costs of approximately 5% and VAT at 23%). The HSE National Service Plan 2012<sup>19</sup>, however, aims to cut the spend on agency staff by 50%.

The statistics in the totality of this section are indicative of a fragmentation of certain types of work and a weakening of the link between work and a specific individual in certain sectors. The trend indicates that there may be further fragmentation into smaller units some of which will be suitable for microworkers.

## 2.7 Potential Impact of Microworking on Unemployment<sup>20</sup>

While microworking is not a direct means to full-time employment, it provides access to employment opportunities, keeps those on the Live Register close to the labour market and helps in the maintenance of skills and expertise. Microworking can also benefit the unemployed and under-employed people who are not currently on the Live Register has no impact on the headline unemployment rates.

Improving access to microwork opportunities in Ireland has the potential to deliver a social and financial dividend to a number of groups, both on and off the Live Register:

- Those unemployed, in receipt of Jobseekers Benefit or Jobseekers Allowance and seeking full-time work, the benefits of microworking relate primarily to motivation as well as access to networks and opportunities. Microworking may serve as a stepping stone to full-time employment but is not an end in itself.
- Access to microwork opportunities may provide a supplementary source of income to the newly unemployed as they adjust to the rapid fall in income in the period while high expenditure commitments are being wound down. For the 9- to 12-month period while receiving Jobseekers Benefit, individuals can earn income on three days while looking for full-time employment;
- For existing casual, seasonal or part-time workers receiving Jobseekers Benefit or Jobseekers Allowance but looking for full-time employment, microworking may provide access to networks, skills and opportunities but only if the microwork opportunities are superior to the current part-time work being undertaken. This group is growing rapidly and microwork may offer individuals joining this cohort in the future access to casual and part-time opportunities.

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17 [www.nrf.ie/news.asp?p=agency-worker-numbers-increase-to-over-50,000](http://www.nrf.ie/news.asp?p=agency-worker-numbers-increase-to-over-50,000)

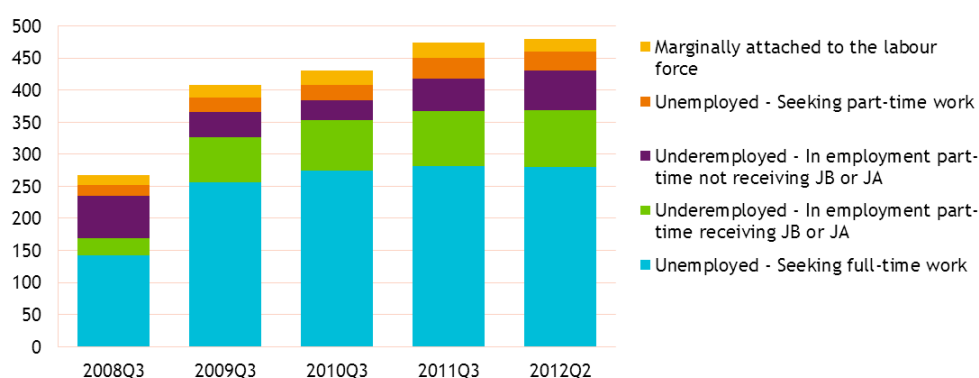
18 HSE Annual Report 2011 and <http://debates.oireachtas.ie/dail/2012/05/22/00429.asp>

19 [www.hse.ie/eng/services/Publications/corporate/nspexecutivesummary2012.pdf](http://www.hse.ie/eng/services/Publications/corporate/nspexecutivesummary2012.pdf)

20 Figures based on Quarterly National Household Survey as at May 2012 with the exception of JB and JA figures extracted from the Live Register

- For part-time workers who are not in receipt of JB or JA (and are therefore not on the Live Register) but who consider themselves to be under-employed, microwork may go some way to closing the gap between the existing level of employment and the desired level of employment. As for those in receipt of JB or JA, the additional benefits in motivation and access to networks and opportunities only arise if the microwork opportunities are superior to the current part-time work. This is a rapidly growing group having grown by almost 40,000 from 23,000 since 2009; 55% of all under-employed part-time workers are women and 45% were men in 2012.
- For those people who are unemployed but looking for part-time work, microworking is potentially a means of accessing the part-time opportunities sought; Of these people 78% were women in 2012.
- For those "marginally attached" workers who would like to work full-time, have looked for a job sometime in the past 12 months, but are currently not "actively" looking for work and an indeterminate number of individuals not actively seeking employment in the workforce (carers, stay at home parents etc.) microwork could offer a pathway into the workforce if suitable opportunities became available.
- For workers on the Family Income Supplement working part-time, microwork could provide access to supplementary hours if needed to bring them up to the threshold of 19 hours required to maintain the support.

**Figure 2.10. Relative Importance of Groups for which Microwork Could Be Beneficial**



Source: Derived from Quarterly National Household Survey (May 2012) with the exception of JB and JA figures extracted from the Live Register

## 2.8 Summary

There is an on-going increase in the number of people across the economic spectrum engaged in atypical work patterns.

- Since 2002, the number of people working part-time has risen by 45% from 290,000 to over 420,000 in 2012. Part-time workers represented 20% of the workforce in 2012.
- Approximately 150,000 people worked less than 20 hours per week in 2012, up from 100,000 a decade ago.

- Among those working less than 10 hours per week the number of men grew by 125% to 10,000 in 2012 while the number of women rose by over 70% to 25,000 over the decade.
- One in five recipients of Jobseekers Benefit or Jobseekers Allowance (amounting to almost 90,000 individuals) already worked on a casual, seasonal or part-time basis.
- The number of people in part-time, temporary and short-term employment in companies supported by IDA Ireland, Enterprise Ireland, Shannon Development and Údarás na Gaeltachta at 41,833 in 2012 is at its highest level for a decade. The number has risen by 30% since 2009.

As rated above ease of access to microworking opportunities in Ireland has the potential to deliver a social and financial dividend for unemployed and under-employed people, both on and off the Live Register, in a number of ways:

1. Providing a supplementary source of income to the newly unemployed as they adjust to the rapid fall in income in the period while high expenditure commitments are being wound down;
2. Closing the gap between the existing level of employment and the desired level of employment for 63,000 existing part-time workers who are not on the Live Register but who consider themselves to be under-employed. This is a rapidly growing group having grown by almost 40,000 from 23,000 since 2009.
3. Providing a means of accessing the part-time opportunities sought by 28,700 people who are unemployed but looking for part-time work. Of these people 78% are women.
4. Offering a pathway into the workforce for 20,000 "marginally attached" workers.
5. Providing options for individuals on Family Income Support working part-time to access supplementary hours if needed.

In relation to 2012, we assume the 88,000 in receipt of JA/JB who work part-time are included in the overall QNHS figure of 171,000 who work part-time and are under-employed. Under social welfare operational guidelines, these 88,000 JA/JB recipients are seeking full-time employment and therefore part-time work is under-employment using this definition. From discussions with the Revenue Commissioners, the sharp increase since 2008 in the number of people on Jobseekers Benefit and Jobseekers Allowance working part-time is likely due to a large movement of staff from full-time employment to 'Short-Time Employment' particularly in the hospitality and retail trades as a result of the recession. However, this is not entirely verified from other sources, including CSO statistics, as the Short-Time Employment category is not defined separately from seasonal or casual. This sharp increase amounted to about 60,000 people in 2012 (up from 27,000 in 2008 Q3). For these people who work to, or close to, the maximum allowed under JB/JA:

- taking up microworking may put them over the days limit making them ineligible for allowances; and
- the additional benefits of motivation, contacts etc. are marginal as they already have a part-time job.

As a result the number of part-time people who will benefit is assumed to be the remaining who are not in receipt of JB/JA. In addition, recipients of JA/JB who may not be on 'Short-

Time Employment' could also benefit. However, as the knowledge behind the status of these is less clear they were not added.

Taking the above into account, it is argued that microwork is a means for short- and long-term unemployed to keep in touch with the labour force, improve motivation and skills and maintain important personal networks while seeking full-time employment. For a small number of individuals, particularly those with caring responsibilities, microwork may fully fulfil their employment needs.



### 3. The Policy and Regulatory Environment for Microwork

#### 3.1 Key Background Developments in the development of a potentially conducive environment for Microwork in Ireland

The overall policy environment which might facilitate the development of microwork initiatives in Ireland has evolved over many years. The key elements of such a conducive framework are broadly in place in relation to allowing unemployed individuals receiving direct support from the State to work part-time, relevant labour legislation sets out the rights of workers who are not employed on a full-time basis, tax legislation caters for individuals earning low amounts and provisions are in place for dealing with the implications of individuals receiving payments outside the PAYE system for work undertaken and could contribute to opportunities for microwork. The one area for further examination, currently being undertaken by DSP, is the calculation of Jobseekers Benefit and Jobseekers Allowance as to whether it might in future be better administered on a days or hours based system. For comparative purposes, a review of initiatives in other countries was undertaken and is included in Appendix 5.

**Table 3.1. Chronology of Relevant policy issues in the development of a conducive environment for Microwork in Ireland**

1994 - 1998	A provision for the Part-Time Job Opportunities Pilot Programme is included in the 1994 Budget and the programme is piloted in a number of towns.
1994	Community Employment Development Programme introduced on a pilot basis in 1991 is mainstreamed nationally as the Community Employment (CE) programme. The CE programme is designed to help people who are long-term unemployed and other disadvantaged people to get back to work by offering part-time and temporary placements in jobs based within local communities. It is possible for participants to seek other part-time work during their placement
1997	Organisation of Working Time Act, 1997 is published setting out statutory rights for employees in respect of rest, maximum working time and holidays and provides minimum legally enforceable entitlements for all employees (including those employed through an employment agency) to holidays and public holidays
1997	The Domestic Employer Scheme is introduced. It removes the obligation for individual domestic employers who employ one domestic employee for less than €40 wages per week to operate under the PAYE scheme. PRSI is paid directly to the PRSI Special Collections Section of the Department of Social and Family Affairs in a single annual payment at the end of each tax year. Consultation with the Special Collections Section indicates that utilisation of this option is not high.
2000	‘The Shadow Economy Report’ is published by the Revenue Commissioners and concluded that <i>‘whereas the “nixer” aspect of the shadow economy is big in volume, it probably is relatively small in potential revenues lost and is very difficult to control on a case by case basis’</i>
2001	Protection of Employees (Part-Time Work) Act, 2001 is introduced to protect part-time employees from discrimination by ensuring they cannot be treated in a less favourable manner than their comparable full-time colleagues.

2002	<p>A flexible contract system introduced in Germany<sup>21</sup> in order to bring the long-time unemployed back into the labour force. It allows employees to earn up to €450 a month tax free, while the employers pay an easy-to administer flat rate of wage taxes, insurance and pension contributions.</p> <p>The system is not without critics who point to the danger of full-time jobs being split up into mini-jobs with an attendant drop in the availability of full-time employment opportunities.</p>
2000 - 2003	<p>The National Framework Committee for Work-Life Balance Policies is established under the Programme for Prosperity and Fairness and continued under Sustaining Progress. Its objective is to promote a vision where atypical work is encouraged as a means of simultaneously ensuring equity for workers and competitiveness of the economy.</p>
2003	<p>The Protection of Employees (Fixed-Term Work) Act 2003 is introduced and applies to almost all types of atypical temporary workers, including fixed-term, specified purpose, seasonal workers, casual week to week/ day to day workers and 'floating' workers.</p>
2006	<p>Towards 2016 Ten-Year Framework Social Partnership Agreement 2006-2015 is published and states “<i>Other elements of social protection will be examined to ensure that atypical working, the reconciliation of work and family life and those working on low incomes are supported;</i>” (p53) as well as providing for the “<i>recruitment of staff (into the public service) on the basis of part-time working or atypical work patterns</i>”.</p>
2006	<p>The Department of Social and Family Affairs publishes “<i>Review of the Application of the Unemployment Benefit and Assistance Schemes Conditions to Workers who are not Employed on a Full-time basis</i>”. The Group concluded:</p> <ul style="list-style-type: none"> <li>▪ That the scope of the UA (Now JA) scheme should not be extended to include part-time workers and that the full-time availability (for employment) condition should be retained (p. 50).</li> <li>▪ The flat rate of UB (now JB) should be retained but adapted to cater for part-time and other atypical workers as follows: <ul style="list-style-type: none"> <li>□ Compensating for the loss of employment up to the level of availability relative to previous employment</li> <li>□ Minimum availability of 3.5 hours per day or 19 hours per week</li> <li>□ Loss of employment to be translated into days (following a Swedish model)</li> <li>□ Compensation to be capped for part-time workers (p. 54).</li> </ul> </li> </ul> <p>This remains a major reference document and forms the core of a review to be</p>

21 The German initiative has not influenced the discussion in Ireland, but with 7.5m people involved it is considered illustrative of significant international models which could contribute to the national dialogue.

	completed by the Department of Social Protection in 2014.														
<b>Nov 2006</b>	<p>European Commission issued the Green Paper <i>Modernising labour law to meet the challenges of the 21<sup>st</sup> century</i> (COM 2006 708), which highlights the ‘proliferation of atypical forms of contract’ as a major challenge posed by increased competition and globalization.</p> <p>These non-standard forms of employment range from the most conventional fixed-term and temporary agency work contracts to less established - and potentially less protected - forms of employment, such as zero-hour contracts or on-call contracts, which are increasingly being used.</p>														
<b>Pre-2007</b>	<p>Part-Time Job Incentive Scheme introduced as a stepping stone to full-time work. It allows certain long-term unemployed people to take up part-time work and get a special weekly allowance instead of their jobseeker’s payment. Recipients of the Part-Time Job Incentive Scheme must be available for and seeking full-time work while getting the payment. However, take up has been relatively low:</p> <table border="1" data-bbox="446 896 766 1254"> <thead> <tr> <th>Year</th> <th>No. of Participants</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>210</td> </tr> <tr> <td>2008</td> <td>184</td> </tr> <tr> <td>2009</td> <td>173</td> </tr> <tr> <td>2010</td> <td>161</td> </tr> <tr> <td>2011</td> <td>180</td> </tr> <tr> <td>2012</td> <td>193</td> </tr> </tbody> </table>	Year	No. of Participants	2007	210	2008	184	2009	173	2010	161	2011	180	2012	193
Year	No. of Participants														
2007	210														
2008	184														
2009	173														
2010	161														
2011	180														
2012	193														
<b>2007</b>	The Hidden Economy Monitoring Group under the Towards 2016 Social Partnership Agreement updates the <i>Code of Practice for Determining the Employed or Self Employed Status of Individuals</i> <sup>22</sup> .														
<b>July 2011</b>	<p>The National Economic and Social Council (NESC) publishes “<i>Supports and Services for Unemployed Jobseekers: Challenges and Opportunities in a Time of Recession</i>” which:</p> <ul style="list-style-type: none"> <li>▪ identifies the need to support both types of unemployed people - those on the Live Register and those not on it and the need for a clearing house or forum for actors to match people on the live register with opportunities in the private, public and community and voluntary sector;</li> <li>▪ concludes that if any disincentive to work is likely to occur it will occur where higher marginal effective taxes applicable when people combine social welfare payments with low-paid part-time work but notes there is not a large body of evidence to indicate that this disincentive exists in reality;</li> <li>▪ envisages a range of diverse actors as important partners in supporting the unemployed and recommends that a Board for Temporary Projects be</li> </ul>														

<sup>22</sup>[www.employmentrights.ie/en/media/Code%20of%20Practice%20for%20determining%20Employment%20or%20Self-Employment%20status%20of%20Individuals.pdf](http://www.employmentrights.ie/en/media/Code%20of%20Practice%20for%20determining%20Employment%20or%20Self-Employment%20status%20of%20Individuals.pdf)

	established for a limited period of time to include the inputs of local government, private enterprise and professional associations, regional bodies and local communities.
2011	The Government publishes the Review of Disability Policy for consultation <sup>23</sup> . This proposes a move to a person-centred approach to service provision where services are planned and delivered with the active involvement of the individual, developed around his/her particular characteristics and funded on a personal basis.”
August 2011	<p>Department of Social Protection prepares the “<i>Project Plan for the Development and Implementation of the National Employment and Entitlements Service</i>” (NEES). The Plan states:</p> <p><i>“The objective is to integrate the provision of employment services and benefit payment services within the Department and in so doing to ensure that the payment of income supports to people who do not have a job is directly linked to the equally, if not more important, task of supporting such people in their pursuit of employment and related opportunities and improving their life chances.</i></p> <p><i>As part of this approach the Department is seeking to change its focus from the passive provision of transaction based services (claims processing and payments) to the active case management of clients. Under the case management model the Department will work with clients to prepare, execute and monitor a personal progression plan.</i></p> <p><i>This progression plan will have a number of elements, for example, an income support-plan, a skills/training development plan and an employment plan. Clients will be expected to engage with this approach and failure to engage will lead to a reduction or cessation of benefit payments.”</i></p>
October 2011	Social Justice Ireland prepares a <i>Briefing to the Joint Committee for European Affairs</i> <sup>24</sup> recommending that the Part-Time Opportunities Programme piloted in 1994 - 1998 be rolled out in order to create opportunities for the unemployed.
2012	Announcement of the establishment of National Employment and Entitlements Service (NEES)
May 2012	The Protection of Employees (Temporary Agency Work) Act 2012 transposing an EU Directive into Irish legislation is signed into law. It provides that all temporary agency workers must have equal treatment as if they had been directly recruited by the hirer from their first day at work. Self-employed persons (i.e. individuals who are “in business on their own account”) who are placed by an employment agency are outside the scope of the Act.
May 2012	<p>The Joint Committee on Jobs, Social Protection and Education publishes <i>A review of the status of casual workers in Ireland</i> based on a report prepared by Anthony Lawlor TD and subsequent debate and presentations to the committee in September 2011 and March 2012. It concludes:</p> <p><i>“It is clear that the current system, which is based on the number of days worked</i></p>

23 [www.dohc.ie/publications/pdf/ERG\\_Disability\\_Policy\\_Review\\_Final.pdf?direct=1](http://www.dohc.ie/publications/pdf/ERG_Disability_Policy_Review_Final.pdf?direct=1)

24 [www.Oireachtas.ie/Parliament/Media/Committees/Euaffairs/Briefing-From-Social-Justice-Ireland.Pdf](http://www.Oireachtas.ie/Parliament/Media/Committees/Euaffairs/Briefing-From-Social-Justice-Ireland.Pdf)

*per week, disenfranchises a number of part-time workers from Jobseeker's payments.*

*The stakeholders involved in this research all agreed that a move towards an hours based system would be much fairer and equitable to all involved. This sentiment was also agreed upon by the Department of Social Protection officials during the two Oireachtas Committee briefing meetings."*

Over recent years, the number of people interacting simultaneously with the tax and employment-related social protection supports systems has risen, as the distinction between the employed and the unemployed blurs. Certain social protection benefits have become taxable, such as the Carer's Allowance and the One Parent Family payment. Therefore, individuals microworking in Ireland interact with Revenue Commissioners but may often also interact with the Department of Social Protection in relation to employment support. As part of this review, meetings were held with representatives of both the Department of Social Protection and the Revenue Commissioners to discuss the impact of current policy and practices on the development of microworking in Ireland. The information in the following two sections derives largely from those meetings.

## **3.2 Social Protection Policy and Practice - Implications for Microworking**

In this section, we outline implications for Microworking that have arisen from social protection policies and their implementation over recent years.

### **3.2.1 Reform Process**

The Department is engaged in a process of reform informed principally by Budget 2012 and the recommendations proposed in the 2006 "*Review of the application of the unemployment and assistance schemes conditions to workers who are not employed on a full-time basis*".

Since July 2012, the entitlement of a Jobseeker's Benefit recipient has been based on a 5-day payment week rather than a 6-day week. For each day that a person is employed, 1/5th of the normal rate of Jobseeker's Benefit is deducted. Recipients must still be unemployed for at least 3 days out of 6 to claim Jobseeker's Benefit. From February 2013, Sunday working will be taken into account when calculating the amount of Jobseeker's Benefit or Jobseeker's Allowance to be paid.

For the foreseeable future, therefore individuals who wish to microwork and receive either Job-Seekers Benefit or Jobseekers' Allowance will only be able to work on three days and must still be unemployed for at least 4 days out of 7<sup>25</sup>.

The issue of Jobseekers' eligibility extending to people with part-time availability (as opposed to the existing stipulation to be available for full-time employment) is under review.

Unless a microworking initiative is structured so that it fulfils the criteria of providing full-time employment to individuals, it will be limited in the extent to which it can move more people into full-time employment, providing a stepping stone to full-time employment.

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<sup>25</sup> This was formerly 3 days out of 6.

### 3.2.2 Calculation of Work Undertaken by Individuals Receiving Benefits

A further enabling measure to encourage micro-working would be to change the focus on days worked to a focus on hours worked in calculating the amount of work undertaken by individuals receiving benefits. Under the current system, casual workers working a few hours a day are disadvantaged relative to casual workers working all their hours in two days.

The issue was raised in the Citizen's Information Board Social Policy Quarterly Report Jan to March 2012:

“Evidence from Citizens Information Services suggests an economy in which part-time work opportunities are available but often at low rates of pay and therefore - particularly where there is no eligibility for FIS and/or where jobseeker's payments have been lost - not financially viable. The 38-hour per fortnight eligibility rule for FIS also continues to be reported as an issue as regards the unemployment trap.’ (See Appendix 4 for case studies provided)

The possibility of employment being calculated in hours rather than days for Jobseeker supports is part of the overall reform process referred to earlier. The recommendation of the 2006 Review focused on ‘half-day’ rather than hours as a unit of calculation - informed by the Swedish model. The key concern for the Department is the extent to which individuals currently ineligible for jobseekers' support will become eligible if hours or half-days are used in calculations resulting in increased costs to the Exchequer.

### 3.2.3 Scope for Individuals in Receipt of Benefits to Microwork

There are currently no restrictions to jobseeker claimants engaging in microworking three days a week<sup>26</sup>. Part-time workers (those who work up to three days a week), seasonal and casual workers are entitled to Jobseeker's Benefit or Allowance if they are seeking full-time employment and fulfil unemployment criteria and means tests.

Microworking by these groups, within the limits stipulated, would not reduce the headline unemployment rate as in many cases income from microworking would be supplementary to the receipt of Jobseeker benefits and the majority of individuals would therefore remain on the Live Register.

The number of hours and total earnings allowed by individuals receiving certain payments from the Department of Social Protection vary under the different initiatives as follows:

#### Jobseekers Benefit

Can only work for three days and must be available for full-time employment. Jobseekers can microwork for 2.3 hours on 3 days at the National Minimum Wage with no impact on Jobseeker payments.

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<sup>26</sup> Workers working full-time (over 34 hours) over a three day period or earning exceptional amounts on individual days are not entitled to jobseeker supports (means in excess).

<b>Jobseekers Allowance</b>	The individual can only work on three days and must be available for full-time employment. The allowance is means-tested so falls as earnings rise.
<b>Part-Time Jobs Initiative</b>	Must work less than 24 hours per week for at least 2 months and be insurable at PRSI Class A or J. There is no limit on earnings.
<b>One Parent Family Payment (Taxable)</b>	May earn up to set limits <sup>27</sup> per week and keep the full payment with a cap for overall weekly earnings.
<b>Carers Allowance (Taxable)</b>	Can work up to 15 hours outside the home and with earnings capped at €332.50 per week in 2012 with no impact on the allowance received.
<b>Family Income Supplement</b>	Must work a minimum 19 hours per week.

### 3.2.4 Resource Implications of Increased Numbers of Microworkers

Casual workers operate effectively on a self-assessment system. Each day is marked with an 'x' or 'o' to denote unemployed or employed and the weekly returns are submitted directly to the Department of Social Protection. These are input and payments made accordingly. Spot checks are carried out to monitor compliance with reporting requirements. The recording and monitoring systems are more resource intensive than for other types of claimants.

Under the current system, any increase in casual working by fully unemployed jobseeker claimants will increase the recording and monitoring workloads within the Department of Social Protection.

## 3.3 Tax Compliance Practice and Policy - Implications for Microworking

### 3.3.1 PAYE System

The important issues for the Revenue Commissioners in relation to any initiative are 1) tax compliance and 2) ease of administration.

The PAYE system is the key driver of tax collection and compliance. It has become progressively simplified and automated and is now easily administered using payroll systems which link directly to the Revenue ROS system. This facilitates Revenue in the electronic delivery of tax credit certificates directly to pay-roll and facilitates employers in the electronic delivery of P45's, end of year returns and payments etc.

The PAYE system is based on earnings rather than hours or time worked and therefore the distribution of hours throughout the week has no impact on PAYE calculations of tax payable. The PAYE system does not distinguish between work carried out for commercial enterprises, individuals, charities, social enterprises etc.

The PAYE system is, therefore, robust and capable of recording payments for microwork and associated tax payable (if any) relatively easily regardless of the nature of the employer or the distribution of hours.

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<sup>27</sup> €130 up to January 2013.



All workers should be registered as employees for the purposes of the PAYE system. Otherwise the emergency PAYE basis applies to their earnings. This registration as 'employees' does not, of itself, confer any entitlement to 'employees' under labour legislation. Similarly, all persons engaging individuals to carry out work (on any basis - full-time, part-time or microwork) need to register as 'employers'.

An initiative whereby all employers and employees are registered on a centralised PAYE payroll system and returns and payments (as appropriate) made through the system would respond to both tax compliance and ease of administration criteria.

### 3.3.2 Microwork Earnings before PAYE Taxes Become Payable

Under the status quo and where tax credit certificates are held, single individuals with no other income in 2012 could earn up to €16,500 annually (€315 per week - and double for married couples) before income tax becomes payable (although the Universal Service Charge (USC) starts at just over €10,000). Therefore, there is considerable scope for individuals entering the workforce to engage in microworking before income taxes become payable.

As Jobseekers Benefit is taxable, a single person on Jobseekers Benefit in 2012 could earn approximately €7,000 annually (the difference between the benefit and the tax free amount) before they become liable for payment of income tax<sup>28</sup>.

### 3.3.3. Employed or Self-Employed

The PRSI obligations for self-employed individuals (and the subsequent access of the self-employed to Job Seeker supports) differ from those of employed individuals. The determination of whether an individual is employed or self-employed including workers participating in an initiative for microworking depends on a range of factors outlined in the *Code of Practice for Determining the Employed or Self-Employed Status of Individuals*. Workers on a microworking are likely to be considered 'employed' but this cannot be determined until all the facts and circumstances of each particular case are available.

### 3.3.4 Impact of a Microwork Initiative on the Shadow Economy<sup>29</sup>

The amount of activity in the shadow economy is an on-going concern particularly as it tends to rise in times of recession. A microworking 'exchange' which would reduce the burden of compliance by undertaking the payroll and tax reporting/payment functions of microworkers might attract microworkers (DIY workers, cleaners, care-relief workers) who do not declare the income because they perceive an administrative barrier. The incentive would be much lower for microworkers who are topping up an existing source of income (e.g. teachers giving grinds) and are liable for income tax on all supplementary earnings.

However, there is no existing evidence to indicate the impact that a microworking 'exchange' would have on the shadow economy.

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28 The Universal Social Charge does not apply to social welfare payments.

29 See Appendix 3 for a supplementary note on undeclared work and the shadow economy.



### 3.3.5 Net-of-Tax Voucher Systems

There is no provision in the tax legislation for a net-of-tax voucher system (as operates for example in Belgium) and the introduction of such a system would require new legislation. In the past there have been voucher schemes for specific designated groups (e.g. seasonal horticultural workers). However, these have been phased out.

In the experience of Revenue, schemes which endow special arrangements on any one particular group tend to be difficult to monitor and administer and have a tendency to grow beyond the original intended group. Therefore, such special arrangements for groups of workers is not encouraged.

### 3.4 Summary

The Protection of Employees (Part-Time Work) Act, 2001, the Protection of Employees (Fixed-Term Work) Act 2003 and the Protection of Employees (Temporary Agency Work) Act 2012 has created a legislative environment which largely protects the interests of microworkers. The Jobseekers Benefit and the Jobseekers Allowance administered by the Department of Social Protection are currently calculated based on days worked. A decision on whether to change from a days-based system to an hours- or half-day-system is unlikely before 2014. There are still significant opportunities for unemployed and under-employed individuals both on and off the Live Register to microwork within the status quo. Indeed, the nature of microwork is suited to matching people to opportunities which allow them to stay within the constraints dictated by the specific benefit they may be receiving. Tax compliance and ease of tax administration can be achieved by incorporating into any microworking initiative a system which allows individuals engaging microworkers to register as employers for tax purposes together with a payroll system linking in to the Revenue On-line Service (ROS).

## 4. Opportunities for the Application of Microworking in Ireland

For a government-led microwork initiative to work there must be workers, work, an effective marketplace, an organisation to act as a strong catalyst and, to be fully effective, a substantial support infrastructure which can facilitate booking, vetting, payroll and worker evaluation.

### 4.1 Availability of Workers

The unemployment crisis has created a pool of workers profiled extensively in Chapter 2. Government policy is particularly focused on the following groups within this cohort:

- People with low skills or education levels, i.e. unemployed people who do not have a Leaving Certificate qualification or equivalent;
- People who are on the Live Register (i.e. registered claimants) for long periods (over one year);
- People who are under 35 years of age;
- People who were previously employed in sectors that have been most affected by restructuring.

In May 2005, the CSO included a thematic section to the Quarterly National Household Survey to investigate whether or not people aged 15 to 65 with caring responsibilities would change the balance between work and caring. Four demographic groups stood out as particularly wanting to change the balance between caring and working in favour of working more, as can be seen in Table 4.1.:

**Table 4.1. Profile of Individuals with Caring Responsibilities who Wish to Reduce Care to Work More**

Would like to reduce care	
to work more	%
Of those who are unemployed	22
Of Lone parents	16
Of those not economically active	13
Of individuals under 25	11

Source: CSO QNHS (May 2005).

The combined groups of the unemployed, under-employed, marginally attached and carers indicate a deep potential pool of workers.

#### 4.1 Availability of Work

In 2007, a process began to reconfigure and modernise HSE funded day services to embrace the principles of person-centeredness, access, accountability and quality<sup>30</sup>. The policy objective for people with disabilities is expressed in *Towards 2016*<sup>31</sup>; that people should be supported “to lead full and independent lives, to participate in work and society and to maximise their potential”. The implementation involves, among other initiatives, a transitioning of 4,000 individuals from congregated settings to community living over a seven year period.

In 2011, the Government published the Review of Disability Policy for consultation<sup>32</sup>. This proposes a move to a person-centred approach to service provision where services are planned and delivered with the active involvement of the individual, developed around his/her particular characteristics and *funded on a personal basis*.

This move to personalisation which also occurred in the UK (and part-supported the Slivers of Time initiative there) if implemented as envisaged would potentially create demand for a microwork initiative.

The HSE National Service Plan 2012 envisages a fall of 50% in the use of agency staff as the organisation seeks to cut spending.

“We also need to reduce agency usage, overtime and premium payments. We have built up an unaffordable reliance on agency staff in recent years in an attempt to maintain service, often at levels beyond that for which we had staff or budget. This cannot continue and a critical part of 2012 will be to substantially reduce agency expenditure and seek to use our own staff to keep priority services open. Agency spend in 2011 exceeded €200m. This will have to reduce by up to 50%. This reduction will impact primarily on hospitals, childcare services and community nursing units. Hospitals and childcare services must achieve these reductions in order to address their underlying deficits and community nursing units must do so in order to reduce their unit costs of care which are becoming increasingly unviable.” (HSE National Service Plan 2012 Executive Summary)

The combination of an ageing population, a sharp decline in health budgets and a move towards personalisation is likely to create a large, growing need for services. The UK experience suggests that some of the caring deficit can be met through a microwork initiative.

Social Justice Ireland in its briefing to the Joint Committee on European Affairs in October 2011 recommended the roll out of a part-time jobs opportunity programme based on the *Part-time Jobs Opportunity Initiative* piloted in six towns between 1994 and 1998. Based on their experience with the earlier programme, they believe that 100,000 jobs can be created in the public, private and community and voluntary sectors if the appropriate marketplace and structures are put in place. Appendix 1 sets out how the pilot programme operated and the recommendations for the operation of a new similar scheme.

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30 Health Services Executive Working Group (2012) *New Directions Review of HSE Day Services and Implementation Plan 2012 - 2016 - Personal Support Services for Adults with Disabilities*, Dublin. February [www.hse.ie/eng/services/Publications/services/Disability/newdirections2012.pdf](http://www.hse.ie/eng/services/Publications/services/Disability/newdirections2012.pdf)

31 Government of Ireland (2006) *Towards 2016 Ten Year Framework for Social Partnership Agreement 2006* - 2015  
[www.taoiseach.gov.ie/attached\\_files/Pdf%20files/Towards2016PartnershipAgreement.pdf](http://www.taoiseach.gov.ie/attached_files/Pdf%20files/Towards2016PartnershipAgreement.pdf)

32 [www.dohc.ie/publications/pdf/ERG\\_Disability\\_Policy\\_Review\\_Final.pdf?direct=1](http://www.dohc.ie/publications/pdf/ERG_Disability_Policy_Review_Final.pdf?direct=1)

### 4.3 Marketplace for Microwork

The NESC Report “Supports and Services for Unemployed Jobseekers: Challenges and Opportunities in a Time of Recession” laments the lack of a marketplace at present. The report focuses on the benefits of having a diversity of stakeholders as partners in a coherent national strategy.

**Table 4.2. Existing Marketplaces for Microwork in Ireland**

	Job	Marketplace
1	Physics tutor at own home	Grinds.ie, local noticeboard, word of mouth
2	Carer in private homes	Agencies
3	Nurse on-call at various locations as required	Nurseoncall.ie and other agencies
4	Mystery shopper evaluating customer service in an Irish McDonalds store	Mystery shopper websites nationally and internationally
5	Database developer	Elance.com; freelancer.com
6	Sales promotion assistant	Gumtree.ie, jobs.ie, word of mouth, recruitment agencies, FAS JobBank <sup>33</sup> website,
7	Morning cleaner	Agency, Gumtree.ie, jobs.ie, recruitment agencies, FAS JobBank website, word of mouth
8	Researcher of contact details for lawyers in Dallas, Texas	Mechanical Turk
9	Dog walker and occasional babysitter	Local noticeboard, word of mouth
10	Domestic cleaner	Gumtree.ie, jobs.ie, word of mouth
11	Treasurer and Board member	Boardmatch, activelink.ie, word of mouth
12	Shelf stacker	Local noticeboard, jobs.ie and other recruitment websites, FAS website,
13	Litter cleaner on the local canal	Local noticeboard, activelink.ie, word of mouth
14	Small maintenance jobs	Golden pages, local newspapers, local noticeboards

<sup>33</sup> Organisations submit their job to the JobBank and jobseekers may apply directly to the organisation to follow up. The system can be used independently of any contact with FAS staff. FAS staff also use it as a resource when working with unemployed individuals to look at job opportunities.

The FAS on-line Job-bank has been used effectively as the marketplace for the JobBridge programme<sup>34</sup>. The experience of the Department in designing the JobBridge Programme indicates that a service which directly matches employers and workers is more difficult to implement than an open marketplace such as the FAS on-line Job-Bank<sup>35</sup>. In October 2012 the Department of Social Protection published the interim evaluation of JobBridge. The findings of the interim evaluation were largely favourable:

- Just over half of all interns subsequently secured employment and this was largely similar across all levels of educational attainment;
- 89% of interns felt JobBridge had given them new skills; and
- Other benefits include that the Scheme helps boost participant's self-confidence, assists in identifying job opportunities suitable to their abilities, keeps them close to the job market, and helps participants to establish contacts/networks.

The Slivers of Time service can enable a number of different types of organisations from social enterprises to local authorities to own and manage a full-service marketplace relatively easily.

#### 4.4 Local Catalyst

There are a number of bodies who could take on the role of catalyst and leader. These range from the Local Development companies to local authorities, existing charities (e.g. Age Action Ireland, Disabled Federation of Ireland, Special Olympics, The Carers Association), national community based organisations (e.g. Irish Countrywoman's Association), private individuals, local media groups such as community radio stations or for profit companies such as newspapers and recruitment agencies. Indeed, the diversity envisaged in the NESC report points to more than one initiative being set up.

The European Commission has published the strategy for the deployment of Structural and Cohesion Funds<sup>36</sup> in the member states from 2014 to 2020<sup>37</sup>. The model is based on Community Led Local Development with funds channelled through local organisations. A number of Partnership companies which already mobilise communities to engage in local development through programmes such as LEADER are therefore positioned to become stronger actors into the future.

Similarly, the devolution of greater powers to local authorities and the transfer of the County Enterprise Boards into the Local Authorities means that Local Authorities' role in stimulating community development, commercial enterprise and social enterprise is becoming more and more important. It is possible that they, individually or collectively, could be the instigators and catalysts of microwork marketplaces.

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34 JobBridge is structured in a similar way to JobBank except that when an internship is agreed, the individual must get proof of eligibility from the Department of Social Protection.

35 <http://www.welfare.ie/EN/Policy/CorporatePublications/StrategicPlansAndReports/Pages/IndeconInterimEvaluationofJobBridge.aspx>.

36 European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund, the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF).

37 [http://ec.europa.eu/regional\\_policy/what/future/proposals\\_2014\\_2020\\_en.cfm](http://ec.europa.eu/regional_policy/what/future/proposals_2014_2020_en.cfm)

Finally, the option exists for a Government Department (e.g. Health, Social Protection or Environment, Community and Local Government) or an agency such as the HSE to co-ordinate the roll-out. However, it is likely that organisations closer to the community will be most effective.

#### 4.5 Support Infrastructure

The examples presented of the application of Slivers of Time in the UK (see Appendix 1) indicate that over time the system has built in many of the features that are required to run the system as a cost-reduction initiative, social enterprise or commercial enterprise. The license costs vary from organisation to organisation depending on the size of community being served. In 2012 the indicative cost of a comprehensive license for a local authority or medium sized company in the UK is “1 to 2 contact centre agents”.

However, a number of volunteer management tools have been developed and it is feasible that there may be one which meets the need to operate a microwork marketplace (or can be adapted to do so).

In either case, it would appear that a leader or catalyst could relatively easily access an on-line solution which meets the needs of a microwork programme as regards bookings, payroll, vetting and worker ratings.

## 5. Conclusions and Recommendations

Some high-level conclusions can be drawn from this review. Microworking can make a contribution in broad functioning of the labour market in providing opportunities for access to short-time work for individuals and in meeting the employment objective of the Government in keeping unemployed and under-employed people (both on and off the Live Register) in contact with the labour market. In particular, the review of the evidence in other countries indicates microworking can offer a pathway into the workforce with additional socialisation and social capital benefits.

While microworking is generally not considered internationally a major bridge to full-time work, it does serve to expose individuals to contacts, gives them the experience and places them in a position to identify full-time opportunities which become available. Flexible work arrangements such as microworking are likely to be a promising way to retain older experienced workers or to incite retirees to re-enter the labour market. The international evidence suggests that microworking tends to be used more by those seeking full-time work a short-term solution. However, the large body of microworkers are people who cannot in their circumstances (as students, carers, child carers) work full-time but are seeking to fill the hours that they have spare.

In this context, the following next steps are proposed for consideration:

1. As part of overall labour market policy development, review how best to encourage private sector goods and services providers and social media/IT and recruitment organisations to develop microworking-type marketplaces, in conjunction with the public sector. In relation to public sector involvement, the greatest opportunity is through the involvement of local authorities and the Department of Social Protection and the Department of Health at local and community level, encouraging the development and use of microworking-type platforms. Local employer groups are best placed to facilitate a small number of pilots to act as catalysts at a community level to deploy microwork initiatives in Ireland, for example, in a specific geographic area or with a group of carers, in advance of the development of a nationwide network. Any microwork initiative should provide a full-service software-based support infrastructure that would facilitate, among other features, employer registration for tax purposes, PAYE payments, Garda vetting, tracking of hours and days worked, worker evaluation, booking and booking confirmation. Two options could be explored to progress an initiative:
  - working with social media/IT and recruitment firms in Ireland to explore the potential to further extend existing software platforms, skills exchange and marketplace type offerings, and to explore the potential to develop industry-led initiatives in microworking (in consultation with EI); and
  - deploying one of the systems already operational in other countries.
2. In order to facilitate the greater take-up of micro- and part-time working, the review of the impact of the days-based system of Jobseekers' payments by the Department of Social Protection is important, to determine if an hours-based approach would facilitate the greater uptake of part-time employment and microwork.

## Appendix 1: Example of Microworking System - 'Slivers of Time'

### Slivers of Time Overview

Slivers-of-Time is a fully transactional self-service on-line booking system for microworkers designed by a social enterprise in the UK, part-funded by the Government and deployed in a wide range of settings. In each case a local catalyst organisation manages the system. (see [www.sliversoftime.com](http://www.sliversoftime.com))

The system incorporates features such as reliability, 'contactability', personal preferences, travel distances, periods of notice, maximum weekly hours, Garda vetting, compliance with minimum wage, PAYE, PRSI and working time directive rules.

The ways in which the system has been utilised are discussed below.

### Internal Scheduling System for Large Companies and organisations

In the UK Tesco adopted the Slivers of Time scheme for its 340,000-strong workforce. This allows any Tesco employee to sign up for overtime for modest or longer periods of time at their workplace or at any Tesco store in their area.

The London Borough of Newham piloted the use of Slivers of Time to illustrate how it could be effectively deployed by a local authority. Individual managers were set up as buyers in a council-designated cost centre. The council paid only for the staff it employed and the time that they worked. There were no set-up costs. Staff worked undertook market research, cleaning, archiving and administrative work. *"It's a simpler way to get the people we need for routine work."* It also reduced much of the bureaucracy and costs associated with traditional methods of recruiting temporary staff.

The key benefit of the programme has been the flexibility that managers with devolved budgets have in recruiting staff at short notice to meet unexpected or unplanned workloads. As they pay only for the specific time booked with sellers they have no risk of spending more than was budgeted. Outside of this, the programme has wider social and economic benefits. It is helping to create a pool of economically active local workers who can to sell their available time to local employers.

### Peak-Time Resourcing Solution for all Companies Mediated by a Recruitment Agency

Targeted at retailers, contact centres, distribution centres and caterers who need 'top-up' workers here and there. Slivers of Time matches these opportunities with people who have some spare time but not enough, or regular enough, to get a proper, part-time job.

The system can be operated by recruitment agencies that handle payroll, national insurance and holiday pay and provide a consolidated invoice each month. Workers are vetted and registered for work.

There is high potential for displacement of existing recruitment agencies unless Slivers of Time is incorporated by one or more existing agencies who seek to develop microwork as a



niche service. Some agencies already include short-term and casual opportunities under a 'miscellaneous' heading.

## Local Services Network for Neighbourhoods

Systems such as Slivers of Time could be used as a marketplace for local people in an area who can teach a language, look after children, wait in for the plumber, do a bit of DIY, walk the dog or do some babysitting and neighbours who require the service.

A variation on this theme is 'Timebanking' a form of volunteering where participants ('Timebankers') give their hours and, in return, are able to book the hours of other timebankers. For example, A does 3 hours gardening for B, then A can book 90 minutes of babysitting and another 90 minutes of car maintenance from others in the scheme. It allows people to trade skills around their area.

In some schemes people can get face time with highly qualified lawyers or tutors in return for doing shopping for local people. When implemented effectively it has the potential to forge strong local networks. The Slivers of Time Volunteering module can enable such arrangements, either locally or regionally.

The dynamics of local and community development dictate that a bottom up adoption of Slivers of Time by a resident's association, local development company or other community development initiative is likely to be the most effective. In this context, promotion rather than implementation of an initiative would appear to be most appropriate.

## Relief Care Staff for Carers

This application was developed and piloted by Hertfordshire County Council, Crossroads Care and Slivers of Time. Under the *Book Your Own Breaks* system, carers can arrange cover with individuals directly without having to employ care workers or handle money. Both care workers and volunteers are fully trained and vetted.

The online booking service gives flexibility to family carers needing time away from their caring responsibilities. It is a stress-free way to arrange for a care worker to look after a loved one as the system also takes care of the paperwork. It is simple to use and individuals can arrange cover at short notice by logging on to the computer. The system sends details of the booking by text to the chosen care worker who is employed and vetted by Crossroads Care.

The volunteers do not undertake personal care, although they escort service users to and from the toilet. They are not able to do any lifting or housework, but will make snacks and drinks.

Once registered, carers can book a session directly with a volunteer by phone or online. Volunteers show the times that they are available and confirm bookings by text message.

This could have wider applications such as farm-relief. The three key benefits are the access to a panel of people with the required skills, the fact that the employment related paperwork does not have to be entered into and the fact that the individuals are vetted.

## Volunteers

As noted in the previous section, Slivers of Time can be used to match volunteers with volunteering opportunities in charities as well as community and voluntary organisations. In July 2012, Jayne Cravens (USA) and Rob Jackson (UK) published a “*Survey software tools used to track and manage volunteer information*”<sup>38</sup>. 100 different software tools were identified as being used to track and manage volunteers - many of which had been built from scratch by the organisations.

Volunteer Ireland (volunteer.ie) has a database of volunteering opportunities which individuals can search using a range of criteria. The individuals then contact the organisations directly to follow up. It is not clear the degree to which this is considered a satisfactory arrangement by Volunteer Ireland or the organisations seeking volunteers.

A concern within the volunteering sphere is the potential for organisations to convert paying jobs into volunteering jobs. All individuals claiming social welfare are entitled to participate in volunteering activities. However, the jobseeker or the voluntary organisation/group involved needs to complete an application form VW1 from their Local Office and a Deciding Officer will determine whether the jobseeker may take up the work in question without affecting entitlement to their Jobseekers’ payment. In considering an application, the Deciding Officer will determine whether the work concerned is voluntary within the meaning of the scheme and whether the jobseeker would continue to satisfy the statutory conditions for getting the jobseekers’ payment<sup>39</sup>.

## Facilitating Engagement in the Workforce

The system is considered useful for parents with young children, lone parents, students, newly retired, disabled people and people who care for a dependent adult who may not be available for work for most of the week as well as the long-term unemployed who want to ease slowly back into work. The UK has examined changes to benefit rules to allow people to sign up for work for as little as two hours a week under the Slivers of Time initiative.

## Summary

Slivers of Time has been developed in the UK as a means of creating an effective marketplace underpinned by a substantial support infrastructure. It can be used as a system for internal scheduling system for large companies and organisations, peak time resourcing solution, creating a local services network for neighbourhoods, sourcing relief care staff for carers, mobilising volunteers and facilitating engagement in the workforce.

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38 [www.coyotecomunications.com/tech/volmanagesoftware.pdf](http://www.coyotecomunications.com/tech/volmanagesoftware.pdf)

39 [www.volunteer.ie/i-want-to-volunteer/social-welfare/](http://www.volunteer.ie/i-want-to-volunteer/social-welfare/)

## Appendix 2: Example of Part-Time Jobs Initiative - Social Justice Ireland

Proposal to reduce the numbers on the live register by 100,000 through creating real part-time jobs at no additional cost.

### Background

A programme akin to microworking was piloted by the current Directors of Social Justice Ireland, Seán Healy and Brigid Reynolds from 1994-1998. That programme created 1,000 part-time jobs paying the 'going hourly rate' for the job. The jobs were open to a number of categories of people who were unemployed. They worked the number of hours necessary to earn their social welfare payment. After that they were free to seek further employment and, of course, pay tax on the money they earned in the normal way.

The programme was taken on by 162 organisations and was extremely successful. 500 of the original 1,000 employees left during the course of the programme - almost all of these took up full-time employment. These were all replaced by others who fitted the criteria for participants. The programme was piloted in six very different pilot areas i.e. County Laois, Waterford city, Finglas, North Kerry, four towns in South Tipperary and the islands off the coast. There was huge demand for the programme and there was always a waiting list of eligible candidates.

### Proposal

Social Justice Ireland has developed a proposal to create 100,000 part-time jobs in the public sector and in the community and voluntary sector following the model piloted in the 1994-98 period.

## Appendix 3: Extracts from 2011 NESC Report

Extracts from the 2011 report by the National Economic and Social Council (NESC) “Supports and Services for Unemployed Jobseekers: Challenges and Opportunities in a Time of Recession”.

The report notes ‘best-practice examples from other countries of lifelong learning, welfare-to-work, activation and other measures, suggest major roles for local government, education/training providers, the social partners, NGOs and for individual responsibility alongside the intelligent engagement of the state.’ And recommends the mobilization of a diverse range of actors: ‘The new NEES must... develop as the leader and animator of a network across which public funds procure the best possible outcomes for unemployed jobseekers from, variously, public organisations, private bodies and NGOs” (pxvi) and move to “to a national system that would be delivered transparently and collaboratively by diverse providers”.

The report also identifies the need to support both types of unemployed people - those on the Live Register and those not on it “All unemployed people (and people in work facing the prospect of redundancy) should be required to register with the NEES (National Employment and Entitlement Service) and avail of its services, and not just all those on the LR (Live Register).”

In relation to Social Welfare and the Incentive to work, the report notes while there is not a strong body of evidence indicating that social welfare structure reduce the incentive to work “Concerns that social welfare is having disincentive effects may have a stronger basis in the high marginal effective tax rates that can apply when people who are combining receipt of a social welfare payment with some low-paid, part-time work attempt to earn more. Ireland’s social welfare code has developed to allow people on the LR (and those in receipt of other working-age payments, e.g., lone parents) to engage in part-time work while retaining their social welfare payments. The withdrawal of their payments as their earnings increase, along with higher taxes they must pay, can lead people to decide it is not worth their while to work additional hours (a classic ‘poverty trap’).”

It notes also that “Even three years into this unemployment crisis, a forum or clearing house is still lacking where the many actors who are in positions to, respectively, identify, manage and deliver valuable projects and ensure that people on the LR are employed on them in a satisfactory way, has not been established.” and it recommends that a Board for Temporary Projects should be established for a limited period of time to include the inputs of local government, private enterprise and professional associations, regional bodies and local communities and “guarantee (i) a sufficient volume of projects sure to be well-managed and delivered on, and (ii) participation/ employment on terms and conditions that are fair and feasible for unemployed people while occasioning no additional Exchequer spending (other than the ‘transformation’ of what otherwise would have been spent on JA or other social welfare). The Board should contain the necessary capability and competence for assessing and making operational proposals put forward by different organisations, such as local authorities, semi-state bodies, enterprises, the social partners and other NGOs. Its work should be guided by the criteria set out above (among others) and include consideration of, and learning from past, temporary employment projects.”

## Appendix 4: Supplementary Note on Addressing Undeclared Work

The small amounts paid to workers for microwork and the difficulty that national governments have had in monitoring these payments means that much of the discussion in relation to the tax implications of microwork have fallen under the general discussion on dealing with undeclared work, the shadow economy or the black economy.

The European Commission's Employment Guideline No. 9 on undeclared work, adopted on 22 July 2003, is explicit concerning the approach that should be adopted in combating undeclared work:

*“Member States should develop and implement broad actions and measures to eliminate undeclared work, which combine simplification of the business environment, removing disincentives and providing appropriate incentives in the tax and benefits system, improved law enforcement and the application of sanctions.”*

In other words, tackling such activities requires not only the punishment of non-compliance in the form of ‘improved law enforcement and the application of sanctions’, but also a range of enabling initiatives to facilitate compliance - namely, a ‘simplification of the business environment’, ‘removing disincentives’ and the provision of ‘appropriate incentives in the tax and benefits system’ (European Commission, 2003b). The recommendation therefore is that EU Member States should combine deterrence measures with preventative and curative measures that enable compliance.

The European Commission's second Communication on undeclared work *Stepping up the fight against undeclared work*, was published in 2007.

The European Foundation published the report *Measures to Tackle Undeclared Work in the European Union*, in 2008 and noted:

*“As the 2007 Eurobarometer survey reveals, the majority of undeclared work is conducted for and by family members, neighbours, friends and acquaintances, and such work is often carried out for reasons other than purely financial gain. This has important implications for tackling undeclared work. It can no longer be assumed that all participants are rational economic actors seeking to make or save money and that therefore undeclared work can be tackled simply by changing the potential cost/benefit ratio confronting them.”*

The 2000 report by the Revenue Commissioners ‘The Shadow Economy Report’ concluded ‘whereas the “nixer” aspect of the shadow economy is big in volume, it probably is relatively small in potential revenues lost and is very difficult to control on a case by case basis’. This position was echoed in comments by the Chairman of the Office of the Revenue Commissioners over a decade later in September 2011 at the Public Accounts Committee in relation to the allocation of resources within the Revenue Commissioners. She indicated that detection and monitoring of individuals engaging in microwork for which they receive relatively low income is not a high priority relative to other areas of the economy where the levels of avoidance are much higher:

“As I said in my opening remarks, the shadow economy is not just about a fellow painting a wall; it is about suppression of profits and income and dealing in cash. There is a tendency sometimes to associate it with an individual doing a nixer. If a person does a nixer and earns a couple of hundred euro every month, he is probably not in the tax net. While he is a risk to the Exchequer and a big risk to social

security, he is not necessarily a tax risk. His sin may be that he fails to send me a return by the middle of November with the amount in question declared in it. However, there may not be any money due.

*The operation of cash in the white collar sector - hospitality, the trades and so on - is a bigger risk for us than necessarily somebody who is earning a small amount of money. A married couple with one source of income has to earn in excess of €24,000 before they are in the tax net. A self-employed person has to have a turnover of more than about €36,000 before he or she has to register for VAT. Therefore, the tax offence might be more perceived than real."*

Ms. Josephine Feehily (Chairman, Office of the Revenue Commissioners) in address to the Public Accounts Committee, 22 September 2011

It was acknowledged later in the debate however, that the non-compliant worker puts the compliant worker at a competitive disadvantage by not charging VAT and other expenses and thereby jeopardises the employment within the compliant company. This is an issue of particular concern the Construction Industry Federation and other business representative bodies.

Notwithstanding the focus on higher yielding investigations by Revenue, there is an on-going campaign to reduce the level of undeclared work in the economy generally. On the 11<sup>th</sup> of April 2011, for example, the Revenue Commissioners circulated a letter to all schools requesting that all teachers be reminded that income on additional earnings should be declared:

“This letter is for any school personnel earning additional income in a self-employment capacity. The typical activities for which information is being sought includes teachers giving grinds, teachers teaching extra subjects outside school time, teachers supervising after school study, sports coaches, music and drama tutors and personnel engaged in other extracurricular activity in a self-employed capacity. The school is requested to make the contents of the letter available to all staff employed in the school to enable them to make a voluntary declaration to the Revenue Commissioners.

Gross earnings totalling less than €3,174 in a calendar year can be returned on the Form 12 (Tax Return for Employees, Pensioners and Non-proprietary directors) under the heading of “Other Income”. The person should calculate any additional taxes and social charges due on this income and make the payment to the Collector General before the following October 31 deadline each year. Income in excess of €3,174 should be returned on Form 11 Tax Return and again the tax must be calculated and paid on time.

No employee of a school can earn any income tax free except payment for travel on school business and vouched expenses or a gift of up to €250 maximum in any one calendar year”

Schools themselves were obliged to make a return where they had made payments to school personnel for extracurricular activities such as grinds, sports coaching and other administrative functions.

In childcare services, the Childcare Services Relief was introduced to encourage individuals carrying out undeclared work to enter the recognised workforce.

Childcare Services relief is a scheme of tax relief for income arising from the provision of certain childcare services. Where the gross annual income from the provision of childcare services does not exceed €15,000 the income is fully exempt from tax. The childcare service must be provided in the carer's home, not the children's home, with no more than three children may be cared for at any one time. The care provider must be self-employed (not an employee) and include the gross income in their annual return of income to the Revenue Commissioners. The claim for the tax exemption is made with this return. Claiming this relief is considered confirmation that the carer has notified the person recognised for that purpose by the Health Service Executive (HSE), that they are providing child minding services. A separate notification must be made in respect of each tax year for which the exemption is claimed.

Moreover, the Chairman of the Office of the Revenue Commissioners in the address to the Public Accounts Committee also pointed to Tax Clearance Certificates as a measure which leads to higher levels of compliance:

*“Tax clearance is a provision we have here that not many other administrations have. In discussion with some of them recently, they were intrigued by the idea. It used to be that tax clearance was just required for a State contract, but now it is much broader than that”.*

In 2010, legislation was introduced which made merchant acquirers, and other payment settlement entities responsible for making of returns of transactions to the Revenue Commissioners. This allows the tax authorities to track transactions where payments for goods and services are not going through the traditional banking and credit card channels and have therefore been difficult to monitor. This followed the introduction of similar legislation in the US in 2008 relating to credit cards and other financial intermediaries. In the US, the implementation of this legislation which took effect from January 2012 has proven complicated in terms of reconciling the data on the IRS network with the data companies hold on microworkers.<sup>40</sup>

In the US, companies paying more than US\$600 to any individual or company in a year are obliged to report the transaction to the Inland Revenue Service. Microworking sites operating in the US, facilitate this reporting requirement by forwarding the tax identification details of microworkers to the companies when the threshold has been reached so that the appropriate return can be made.

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40 A card-accepting business encounters problems if the TIN and legal name on file with the acquirer do not match the ones in the IRS's files. If the mismatch is not resolved, it triggers back-up withholding of 28% of a merchant's payment card transactions.

## Appendix 5: Examples of Microwork Initiatives in Other Countries

The following is a synopsis of practices in the EU relating to microwork identified by the European Foundation in its 2008 report, *Measures to Tackle Undeclared Work in the European Union*.

### 1. Domestic Services - Finland

In relation to domestic services - including household cleaning and gardening -targeted direct tax measures have been introduced in countries such as Finland, Germany and Sweden to encourage such household work to be carried out in the declared rather than undeclared sector.

In Finland, since the beginning of 2001, it has been possible to deduct costs for household work in taxation. For instance, it is possible to deduct 30% of the wage for such costs, including social security contributions, up to a maximum of €3,000 in 2009. The deduction is personal and can be given to both spouses. In 2004, some 6.6% of households applied for this tax deduction, with total tax deductions amounting to €111.3 million. Over 90% of householders purchased the deductible service from a company.

### 2. Domestic Services - Denmark

Another similar tailored measure directed at lowering wage costs for certain activities is the Danish Home Service Scheme (*Hjemmeserviceordningen*). This scheme was launched in 1994 as a pilot project and was made permanent in 1997 (Erhvervsfremmestyrelsen, 2001a). The aims of the initiative are as follows: firstly, to compete with undeclared work; secondly, to promote the development of formal enterprises that provide household services; and thirdly, to offer job opportunities to low-skilled jobseekers. Businesses registered with the Danish Commerce and Companies Agency (*Erhvervs-og Selskabsstyrelsen*) to provide services to households for which the government reimbursed a proportion of the cost.

In 1998, one in eight Danish households used the Home Service Scheme an average of five times a year. Almost 90% of consumers were very satisfied with the company and its services. In 1997 alone, more than 2,000 jobs were created through the scheme; by 2000, it had grown to 3,700 full-time equivalent jobs (Renooy et al, 2004). Analysing the impact of the Home Service Scheme on undeclared work, it has been found that 10% of home service users claimed they had previously used undeclared work before they joined the Home Service Scheme (Platzer, 2002; Sundbo, 1997).

Similarly, further research concludes that the scheme had reduced the incidence of undeclared work (Erhvervsfremmestyrelsen, 2001b). This initiative shows that it is wholly feasible to use demand-side measures to transfer undeclared work into the declared realm on a large society-wide scale. However, Larsen (2006) states that curtailing the Home Service Scheme for everybody other than elderly people has resulted in more people now buying their cleaning services as undeclared work, thus creating a new market for undeclared cleaning activities.



### 3. Domestic Services - Sweden

In Sweden, meanwhile, a tax reduction for domestic services was introduced in July 2007. From July 2009, the reduction extended to house maintenance and rebuilding, covering the costs of jobs carried out after 7 December 2008. The rules are to remain permanent. The tax reduction totals 50% of the labour costs, including social security contributions and VAT on labour costs, up to a maximum of SEK 50,000 (€4,706) a year for each individual. As an example, if two persons own a house together they can claim a reduction of SEK 100,000 (€9,414) a year, corresponding to total labour costs of SEK 200,000 (€18,828). The aim of the tax reduction is to reduce undeclared work, increase labour supply by making it easier for men and women to combine work and family life, and raise demand in the construction and home service sector.

Until July 2009, people had to apply to the Swedish National Tax Board for the reduction, which was included in individuals' yearly tax assessment. Under the new rules applying from July 2009 - referred to as the 'invoice model' system - the crediting of the reduction is to be speeded up: the purchaser will only pay half of the labour costs to the seller, and the latter will then claim the other half from the Tax Board together with the relevant information. Nevertheless, the scheme was replaced by another initiative, whereby employers (households) can pay their domestic workers cash-in-hand and do not have to worry about taxes and social security contributions. The domestic worker may, in turn, work for one or more employers for a maximum of three days a week, with no stipulation regarding the number of hours each day. The worker must then report the income earned to the tax authorities, but only has to pay income tax on these earnings; there are no obligations regarding social security contributions. The income has to exceed the hourly minimum wage level and the domestic worker is entitled to payment during the first six weeks of sickness absence.

### 4. Care Workers - Austria

In Austria, older people often engage foreign workers on an undeclared basis for private nursing care at home. To formalise this sphere, in 2007, the Nursing in the Home Act (*Hausbetreuungsgesetz*, HBeG) offered two alternatives for geriatric nurses.

Firstly, the person requiring care can either employ one or two geriatric nurses under the terms of the existing Private Household Workers' Act (*Hausgehilfen- und Hausangestelltengesetz*). Secondly, nurses have the option of becoming self-employed under the new 2007 legislation, which means that they need to apply for a general trading licence and register with the Social Insurance Association for Entrepreneurs and Self-Employed Workers (*Sozialversicherungsanstalt der gewerblichen Wirtschaft*, SVA). The purchaser can claim subsidies for these formal workers of up to €400 per nurse each month under the former legislation and up to a maximum of €112.50 per self-employed nurse each month. Only persons requiring 24-hour stand-by care, and who do not possess assets worth over €5,000 (excluding their house), can claim these wage subsidies. The measure has not been evaluated thus far.

According to the Federal Ministry of Economy and Labour Affairs (*Bundesministerium für Wirtschaft und Arbeit*, BMWA), about 15,000 people have entered the self-employment scheme and applied for a general trade licence under the HBeG. No figures are available for geriatric nurses who have been regularly employed by the person requiring care. According to estimates from the Federal Ministry of Social Affairs and Consumer Protection

(*Bundesministerium für Soziales und Konsumentenschutz, BMSK*), effective monthly costs of the new 24-hour care schemes are supposed to amount to €1,500-€2,000 in the case of self-employment and to €2,600-€2,850 for regular employment.

For many older people, these costs are still not affordable; as a result, they are forced to continue engaging the services of illegally operating foreign workers - who do not have a trade licence and are thus often without social security cover - for private nursing care at home. This example demonstrates that, if such wage subsidy schemes are insufficiently funded, they will have little impact on the size of the undeclared sphere.

## 5. Service Vouchers - Belgium

Belgium, in particular, has pursued the widespread use of service vouchers. As Williams, Horlings and Renooy (2008) report, service vouchers in Belgium have been used as a means of paying for everyday personal services. Each voucher costs €6.70 and this pays for an hour of work from certified companies that hire unemployed people. At first, the unemployed persons can be hired by the company on a part-time and temporary basis. After six months, the company has to offer them a permanent employment contract for at least half-time employment if the person was registered as unemployed.

An employee of a certified company can carry out the following activities: housecleaning; washing and ironing; sewing; running errands; and preparing meals. The household pays with the vouchers, whose cost price is €21.00 in 2005 prices. The difference is paid to the company by the federal government. The household can recover 30% of the price of the voucher in their tax return, meaning the price for one hour's work is €4.69. The Belgian government intended to create 25,000 jobs by the end of 2005 under this scheme. According to Gevers et al (2005), by the end of 2005 some 28,933 people had been employed through this service voucher scheme. These employees were employed by 792 companies, of which 41% were temporary employment agencies, 25% were private not-for-profit enterprises and 18% were public companies. The majority (90%) of the workers were employed in part-time jobs, although most work more than half time.

The 28,933 people in jobs represent 17,360 full-time equivalent jobs, a 70% increase compared with the number employed in 2004. However, 49% of the employed people already held a job before joining the service voucher scheme. The net effect on job creation therefore was some 9,000 jobs. By the end of 2005, two thirds of the employees were employed on permanent contracts. During the two-and-a-half years that the scheme has been in operation, almost 200,000 households have used the voucher scheme. Although early studies found that customers previously sourced some 44% of the work now conducted using service vouchers from the undeclared economy (de Sutter, 2000), the most recent evaluation finds that only 25% of the respondents reported that it would have been conducted in the undeclared economy if the vouchers had not been available.

One interpretation is that this scheme, in its early days, acted as a tool for transferring undeclared work into the formal economy, but is now becoming more of a measure for moving unpaid self-provisioning into the formal economy. Gross costs for the service voucher schemes are estimated at €303.2 million, encompassing the government subsidy for the jobs, staffing costs and costs of tax deduction. However, the additional jobs also generate returns for the government, because they result in savings in unemployment benefits, as well as surpluses in social contributions and personal income tax. These returns are estimated at €93.1 million, which brings the net costs to €210 million in 2005. The outcome is that every

full-time equivalent job created through this service voucher scheme has cost around €12,500.

#### 6. Universal Service Employment Cheque - France

The Universal Service Employment Cheque (*Cheque Emploi Service Universel*, CESU) scheme was introduced in France to simplify the process of hiring and paying a domestic worker. The worker's salary is paid using a system of cheques, which can be purchased at the local bank. Customers benefit by being able to claim an income tax reduction that amounts to 50% of the sum spent on purchasing the cheques. For the service supplier, meanwhile, the salary cannot be less than the national minimum wage, and a 10% indemnity is also given for paid leave. By 2002, some 765,411 households were legally using domestic service workers, while just under 88,000 full-time equivalent jobs had been created (Adjerad, 2003). By 2002, 53% of all formal employers of domestic workers used the CES scheme (Adjerad, 2003). Moreover, an estimated 20% of those previously working on an undeclared basis are now officially employed (Le Feuvre, 2000).

#### 7. Voucher Scheme - Finland

In Finland, in the late 1990s, only 24,000 households used a service voucher scheme, primarily because the subsidy failed to make formal domestic services cheaper than services in the undeclared economy (Cancedda, 2001, p. 29). This proves that unless the incentive is sufficient, such demand-side experiments will be ineffective. It also raises a key issue for tax administrations. The tendency will be to keep costs to a minimum by providing as low an incentive as possible. However, the problem with this, as seen in Finland, is that the incentive offered can sometimes be too low to encourage consumers to make the transition. Therefore, countries need to experiment with different schemes to see what works in their context and what does not. Indeed, this is precisely what happened in Finland, where two different versions of the scheme were simultaneously piloted. Such experimental approaches need to be more frequently adopted elsewhere in the EU27.

#### 8. Household Service Cheque Act - Austria

Concerns have also arisen about whether service vouchers do indeed enable the legitimisation of undeclared work in the household services sector. In Austria, for example, there were concerns that the 2005 Household Service Cheque Act (*Dienstleistungsscheckgesetz*, DLSSG) does not affect domestic workers who are illegal foreign nationals - it is believed that these workers, albeit with no evidence, constitute the bulk of domestic workers. Moreover, until now, voucher schemes have targeted a relatively narrow range of domestic services. Thus, it might be useful in the future if the range of activities included was expanded to include other areas where undeclared work is widespread - such as home improvement and maintenance work, or seasonal work.

#### 9. Service Vouchers in Agricultural Sector - Italy

In 2008, Italy introduced a pilot service voucher scheme in its agricultural sector during the grape harvest season. The scheme sought to regularise the students and pensioners who supply their services on an occasional basis during the grape harvest season. Each worker can only work for 30 days and the maximum remuneration is €5,000 in a calendar year. Each employer can use the voucher scheme for up to a maximum of €10,000 in vouchers a year.

The workers are paid using vouchers, which are credited to the workers on a magnetic card and then used to make cash withdrawals at bank machines.

The magnetic card also carries information on the worker, which is relevant for Inps social security records and those of the National Institute for Industrial Accident Insurance (*Istituto Nazionale per gli Infortuni sul Lavoro*, Inail). One innovation in this respect has been the introduction of a pilot service voucher scheme in 2008 in Italy's agricultural sector (*Il sistema dei voucher nel settore agricolo*) during the grape harvest season (Textbox 9).

Early results suggest that, since August 2008, some 540,000 vouchers (worth €10 each) were sold to employers, resulting in the regularisation of 36,000 workers for 108,000 working days. Decree Law No. 112 of 2008 (Article 22), enacted by Law No. 133, has now extended the voucher scheme to all agricultural activities, and a maximum of €7,000 worth of vouchers can be used by each employer. This scheme could be further extended to other sectors and activities - including private coaching, for example music lessons, along with gardening, holiday work by young people and door-to-door deliveries.

#### 10. Small Jobs - Slovenia

In Slovenia, a similar simplified regulatory environment for small jobs was created. Under this initiative, supplementary personal work - such as household tasks, or picking and selling fruit - were deemed to a certain level to be free of taxation and other levies. Beyond this type of work, short-time work and small amounts of work have also been distinguished and treated separately from mainstream formal employment by the regulatory authorities.

#### 11. Domestic Services - Spain

Another local formalisation service - in this instance targeted at a particular sector - concerns the Nazaret neighbourhood in Valencia in eastern Spain, where a labour exchange has been created to deal with the provision of workers in the domestic services sphere. The labour exchange provides trained workers for households that are seeking domestic workers and also trains these workers.

The exchange has contributed to formalising the labour market for domestic services. At any one time, some 60 employees are participating in this scheme. Evaluations have not been conducted, but if the initiative was found to be effective, this local formalisation service could be transferred to other countries and sectors where undeclared work is considered to be rife.

#### 12. Mini-Jobs - Germany

The German government decided to address the issue of bringing the long-time unemployed back into the labour force, creating a new 'mini-jobs' category of employment. This encourages people to legitimise small or 'minor' jobs. In 2002, the German government introduced three new types of mini-job:

- *mini-jobs* with a €450 earning threshold;
- *mini-jobs* in the household sector; and
- *midi-jobs* for earnings ranging between €450 and €800.

Individuals are classed as marginal part-time workers (Geringfügig Beschäftigte) if they work fewer than 15 hours per week and their income does not exceed one seventh of the monthly reference wage or, where pay is higher, one sixth of the total income. They are not subject to unemployment insurance, health insurance or the statutory pension scheme. In addition, they pay only a flat-rate earnings tax of 15 per cent. The same criteria also apply to individuals whose earnings remain within these limits and whose occasional employment within a given year totals no more than two months or 50 days (Kurzfristige Beschäftigte).

The initiative has been hailed as part of the country's "job miracle", helping to increase employment by 1m in its first four years. By 2004, the number of employees registered as being in minor employment amounted to seven million people. However, some 1.21 million were people already in a formal job, about 580,000 of whom are estimated to have transferred their add-on job from the undeclared to the declared realm. Most of the people are employed in nursing, messenger services, education and tutoring, retailing, and as relief drivers. So-called housewives constitute around two thirds of "marginal" part-time employees, and schoolchildren and students represent approximately one fifth. Social security cards are used to prevent abuse of the special regulations applying to this category.

In August 2012, UK officials announced that they were considering the 'Mini-jobs' system operating in Germany. The system is not without its critics as captured in the coverage by the Financial Times on August 19th<sup>41</sup> after the announcement:

*“ Although unemployment in Germany is at near record lows, many of those with mini jobs receive very low hourly wages as there is no blanket minimum wage. Labour market experts and trade unionists have criticised the reforms for having entrenched a new class of working poor in the cleaning, hotel and restaurant trades.*

*“It was sold as a way to bring the long-term unemployed back into the labour market. Employers would get to know an employee and then hire them on a permanent basis. But that hardly ever happens,” said Holger Bonin, labour market expert at Germany's ZEW think-tank. “In fact the long-term unemployed find it harder to get a full-time job now as these jobs don't exist anymore. Full-time jobs are being divided up into mini jobs,” he added. “One should be very sceptical about introducing such a system.”*

### **13. Flexible Work Arrangements to Retain Older Workers - Canada**

In Canada, flexible work arrangements are being investigated as promising way to retain older workers or to incite retirees to re-enter the labour market. According to Gomez and Gunderson (2006a), "the most important barriers that inhibited retirees from continuing in employment had to do with wanting to reduce their work-time through such arrangements as part-time work, fewer days per week, shorter days and longer vacations." However, it is believed that some features of public policies and programs may discourage such flexible work arrangements. Because of payroll tax ceilings, for example, offering shorter work hours or shorter work weeks to employees is more costly for employers.

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41 [www.ft.com/intl/cms/s/0/30c22eda-ea18-11e1-929b-00144feab49a.html](http://www.ft.com/intl/cms/s/0/30c22eda-ea18-11e1-929b-00144feab49a.html)

## Appendix 1: Forfás Board members

Eoin O’Driscoll (Chairman) Managing Director, Aderra
Martin Shanahan Chief Executive, Forfás
Mark Ferguson Director General, Science Foundation Ireland
John Murphy Secretary General, Department of Jobs, Enterprise and Innovation
Barry O’Leary Chief Executive, IDA Ireland
Frank Ryan Chief Executive Officer, Enterprise Ireland
Michael O’Leary Secretary to the Board, Forfás

## Appendix 2: Recent Forfás publications

<b>National Skills Bulletin 2013</b> EGFSN	July 2013
<b>Monitoring Ireland's Skills Supply: Trends in Education and Training Outputs 2013</b> EGFSN	July 2013
<b>Annual Business Survey of Economic Impact 2011</b> Forfás	July 2013
<b>Global Entrepreneurship Monitor 2012</b> Global Entrepreneurship Monitor	July 2013
<b>Annual Employment Survey</b> Forfás	July 2013
<b>Ireland's Competitiveness Performance 2013</b> Forfás	May 2013
<b>Making It In Ireland: Manufacturing 2020</b> Forfás	April 2013
<b>Future Skills Needs of the Manufacturing Sector to 2020</b> EGFSN	April 2013
<b>Sectoral Regulation</b> Forfás	April 2013
<b>EGFSN Statement of Activity</b> EGFSN	March 2013
<b>Costs of Doing Business in Ireland 2012</b> Forfás	March 2013
<b>Vacancy Overview 2012</b> EGFSN	February 2013
<b>Action Plan for Jobs 2013</b> Forfás, DJEI	February 2013

<b>A Review of the Equity Investment Landscape In Ireland</b> Forfás	January 2013
<b>Regional Labour Markets Bulletin 2012</b> EGFSN	January 2013
<b>A Review and Audit of Licenses Across Key Sectors of the Irish Economy</b> Forfás	December 2012
<b>Global Entrepreneurship Monitor (GEM) 2011</b> Global Entrepreneurship Monitor	September 2012
<b>Annual Employment Survey 2011</b> Forfás	August 2012
<b>National Skills Bulletin 2012</b> NCC	July 2012
<b>Monitoring Ireland's Skills Supply - Trends in Education and Training Outputs 2012</b> EGFSN	July 2012
<b>Ireland's Competitiveness Scorecard 2012</b> NCC	July 2012
<b>Forfás Annual Report 2011</b> Forfás	July 2012
<b>Key Skills for Enterprise to Trade Internationally</b> EGFSN	June 2010
<b>Sustainability of Research Centres</b> Advisory Science Council	June 2012
<b>The Science Budget 2010-2011</b> Forfás	June 2012
<b>Annual Business Survey of Economic Impact 2010</b> Forfás	June 2012
<b>Overview of the Main Infrastructure Issues for Enterprise</b> Forfás	May 2012



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