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THE INTERNATIONAL LABOUR ORGANISATION’S RECOMMENDATION NO. 198 AND SELF-EMPLOYED WORKERS

Abstract. The article discusses the legal situation of self-employed workers in international labour law. In particular, it focuses on the International Labour Organisation’s (hereafter: the ILO) predominant and clearly articulated approach in its Employment Relationship Recommendation, 2006 (No. 198), of dichotomising workers into employees and genuinely self-employed, and making the scope of their protection dependent on their belonging to one of these categories. The author questions whether this is the most appropriate way to provide protection to workers working under various forms of contractual arrangements other than the employment contract, including persons to be defined as “genuinely self-employed dependent workers.” A separate strand of consideration is the legal situation of genuinely and independently self-employed workers.

Keywords: self-employed worker, genuinely self-employed dependent worker, genuinely and independently self-employed worker, employment relationship

ZALECENIE MOP NR 198 A PRACOWNICY SAMOZATRUDNIONI

Streszczenie. Artykuł dotyczy sytuacji prawnej pracowników samozatrudnionych w międzynarodowym prawie pracy. W szczególności koncentruje się na dominującej w MOP i jasno wyrażonej w Zaleceniu nr 198 z 2006 r. dotyczącym stosunku pracy koncepcji dychotomicznego podziału pracowników na pracowników najemnych i rzeczywiście samozatrudnionych oraz uzupełnienia zakresu ich ochrony od przynależności do jednej z tych kategorii. Autor stawia pytanie, czy jest to najwłaściwsza droga do zapewnienia ochrony pracownikom świadczącym pracę w innych niż umowa o pracę formach ustaleń umownych, w tym osobom, które określa jako „rzeczywiście samozatrudnieni pracownicy zaleźni”. Osobny wątek rozważań stanowi sytuacja prawna pracowników rzeczywiście i autonomicznie samozatrudnionych.

Słowa kluczowe: samozatrudniony pracownik, zależny rzeczywiście samozatrudniony pracownik, rzeczywiście i autonomicznie samozatrudniony pracownik, stosunek pracy

In 1999, the Director-General’s report entitled “Decent Work”, adopted by the ILO General Conference in 1999, stated that the ILO’s mission was to improve the situation of people in the world of work. The report emphasised that the ILO

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was concerned with all workers, although, due to the circumstances of its creation, it had paid most attention to the needs of wage earners. The ILO must now also concern itself with workers in the informal economy, namely the self-employed and domestic workers. All workers have rights at work (ILC 1999, 3–4). This declaration, reaffirmed in later ILO documents, refers to the concept of worker, which goes beyond the term “employee” and can be applied to any person who works (ILC 2020, para. 258). It is also highlighted that some International Labour Standards (ILS) apply to all workers without distinction, others specifically to the self-employed or others providing work outside an employment relationship, and still others apply only to workers in an employment relationship (ILC 2006, 6).

There is also an important rule, recalled, *inter alia*, in the ILO’s official Manual on the Drafting of ILO Conventions (Office of the Legal Adviser 2006, para. 125) and in the preamble to the Domestic Workers Convention, 2011 (No. 189), according to which international labour conventions and recommendations apply to all workers, whether employed or self-employed (including independent contractors), unless otherwise specified.

First and foremost, the consensus view is that all workers are entitled to the minimum rights set out in the 1998 ILO Declaration on Fundamental Principles and Rights at Work (as amended in 2022) and contained in the ten Conventions recognised as fundamental by the ILO Governing Body. In accordance with this Declaration, Member States – even if they have not ratified the ten Conventions – have an obligation arising from the very fact of membership in the Organisation, to respect, to promote, and to realise – in good faith and in accordance with the Constitution – the principles concerning the fundamental rights in five categories of subjects: freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labour, the abolition of child labour, the elimination of discrimination in respect of employment and occupation, and a safe and healthy working environment.

The Committee of Experts on the Application of Conventions and Recommendations (CEACR) has confirmed that the protection under these conventions also extends to self-employed workers (ILC 2020, paras 262, 327). It is emphasised that they are entitled to it regardless of their condition of quasi-subordination or economic dependency (Countouris, De Stefano 2019, 29; ILC 2020, para. 327).

However, the list of ILO Conventions applicable to all workers, including the self-employed, is not limited to the ten fundamental Conventions mentioned.

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1 This concerns rights covered by the following conventions pointed out by the ILO Governing Body: Right to Organise and Collective Bargaining Convention, 1949 (No. 98); Forced Labour Convention, 1930 (No. 29 and its 2014 Protocol); Abolition of Forced Labour Convention, 1957 (No. 105); Minimum Age Convention, 1973 (No. 138); Worst Forms of Child Labour Convention, 1999 (No. 182); Equal Remuneration Convention, 1951 (No. 100); Discrimination (Employment and Occupation) Convention, 1958 (No. 111); Occupational Safety and Health Convention, 1981 (No. 155) and Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187).
above. In fact, as already emphasised, international labour conventions and recommendations apply to all workers, unless otherwise stated. As aptly pointed out, “An assessment of the personal scope of International Labour Standards, therefore, must be carried out on a case-by-case basis, being careful to avoid hasty conclusions based on the erroneous idea that they always refer only to subordinate employment” (De Stefano 2021, 5).

It follows from the above that workers other than employees are entitled to important rights under both the fundamental conventions and other ILO instruments, although official ILO documents and doctrine recognise that the organisation’s instruments apply primarily to employees (see, e.g., ILC 2003, 36; Servais 2017, 220). These other workers are generally referred to as self-employed workers or consider the self-employed to be an essential subset of them. This raises the question of who should be considered self-employed under the ILS.

The relevant starting point for seeking answers to this question seems to be the Employment Relationship Recommendation, 2006 (No. 198). Although Recommendation No. 198 does not define the concept of self-employed workers or the concept of self-employment, it is the only international labour standard to date that explicitly and generally defines the relationship between the concepts of employment and self-employment. Besides, the act is the result of long discussions at the ILO rooted in “the concern over the growing unprotected labour market represented by many forms of work insecurity” (Bignami, Casale, Fasani 2013, 1; Creighton 2016, 706–710). The importance of Recommendation No. 198 has also been highlighted in a number of ILO documents, including the reports of the CEACR (e.g. ILC 2020, 82 et seq.).

As is clear from the wording of Recommendation No. 198, the main measure to ensure the protection of workers in various forms of insecure employment should be to regulate the employment relationship in such a way that the protection due to employees is accessible to all particularly vulnerable workers. To this end, Member States, when considering subordination or dependence as necessary conditions for establishing the existence of an employment relationship, should select the specific indicators of the existence of an employment relationship listed by way of example in paragraph 13 in such a manner as to cover all forms of contractual arrangements which, because of the existence of subordination or dependence, place the worker in an unequal bargaining position and, therefore, require the protection characteristic of an employment relationship. The existence of an employment relationship can be evidenced not only by subordination consisting of submission to the employer’s authority to direct and control employee activities, but also by economic dependence (see: ILO 2016, 36, 263–264; ILC

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3 Also referred to as: wage earners, employed persons, employed workers, dependent workers.
2020, 108). In cases of ambiguous relationships, where work is performed or services are provided under conditions which give rise to an actual and genuine doubt about the existence of an employment relationship (ILC 2006, para. 42), the Recommendation suggests determining that workers with certain characteristics must be deemed to be either employed or self-employed. The correct determination of the existence of the employment relationship could also be served by the introduction of the principle of the primacy of facts and the legal presumption of the existence of the employment relationship.

Recommendation No. 198 proposes to specify the criteria for the existence of an employment relationship without clarifying the concept of self-employment. The instrument thus replicates the predominant way in most legal systems of defining self-employment as a default category covering various paid work arrangements other than employment relationship. Consequently, the definition of self-employment in Recommendation No. 198 is open-ended and relative, depending on the concept of the employment relationship adopted in the country concerned, which, as can be seen from the above, also lacks the character of an objectified and binding concept of international law for the ILO members.⁴

According to the interpretation adopted by the CEACR, the term “self-employment” in Recommendation No. 198 should be understood as “genuine self-employment” (ILC 2020, 13, 28). Consequently, any situation falling under the so-called dependent self-employment or the category of quasi-subordinate or employee-like workers – as an intermediate category between wage employment and genuine self-employment – should be considered either as an employment relationship or as genuine self-employment, which results from the application of the procedures and methods indicated in paragraph 11 of the Recommendation (See also: ILC 2020, para. 268).

In the light of the above, it can be concluded that the Recommendation continues and confirms the concept already put forward in 1990 in the Resolution on the promotion of self-employment adopted at the 77th session of the ILO General Conference. This resolution saw as a means of protecting dependent self-employed workers (referred to at that time as “nominally self-employed”) the provision of assistance to help them become genuinely self-employed or employees with full rights (ILC 1990, paras 4, 6b). Nor did subsequent work change this approach. In particular, as it was not possible to agree on positions, the draft convention and recommendation on contract labour, aiming at covering dependent self-employment and outsourcing, failed in 1997 (ILC 1997, 72, para. 18). This is being explained by the concern that the proposed Convention created a third category of workers who fell between the employed and the self-employed, which

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⁴ As aptly stated: “a single, universal and conclusive definition of ‘employment contract or relationship’ and a subsequent international notion of ‘employee’ does not exist with the ILO legal system” See: De Stefano (2021, 3).
risked undermining workers’ rights (See: ILC 2020, para. 161). In turn, the Report of the Committee of Experts related to the Resolution on workers in need of protection, adopted at the subsequent 86th session of the ILC in 1998, provided further indications visibly inspiring the content of Recommendation No. 198. In particular, it was pointed out that there is a need to adapt the regulation of the employment relationship in national legislation to current realities, to establish clear guidelines on the difference between dependent and self-employed workers, to combat disguised employment, and not to interfere with the conclusion of contracts that are genuinely commercial and independent in nature (Governing Body 2000, 38–39).

In conclusion, the ILO favours the development by Member States of legal measures and regulations to extend the construction of the employment relationship to any contractual arrangements that place the worker in a position of subordination or dependence on the other party, resulting in an unequal bargaining position requiring the legal protection characteristic of labour law. For these reasons, Recommendation No. 198 sees no place for the legal determination of the situation of workers in the dependent self-employed or the so-called “intermediate category.” Instead, all employees who do not fall into the “employees” category should be recognised as genuinely self-employed.

*De lege lata,* it would be difficult to question the bipartite division of workers into employees and self-employed. However, it may be questioned whether treating the employment relationship as the only appropriate way for workers providing work in various forms of insecure contractual arrangements to obtain protection is a practicable method that meets the needs of workers.

It should be noted that, as indicated above, the Recommendation provides the possibility for a far-reaching differentiation of the concept of employment relationship and employee in different Member States. As a result, workers with employee status in one country may have self-employed status in another. Its role may, therefore, be limited to a compendium that “can guide countries on devising policies to address employment misclassification” (ILO 2016, 262), without the possibility of protecting in this way a significant number of dependent workers in countries that adopt a narrow definition of the employment relationship as contractual subordination. In particular, the countries of the European Union, including Poland – both because of legal tradition and the position of the Court of Justice, which has consistently upheld the requirement to work ‘for and under the direction of another person’ as a necessary element of the definition of an employee – generally continue to adhere to a narrow definition of the employment relationship. This leads to the formation of a category of workers who are neither employees nor genuinely and independently self-employed persons. A number of EU countries

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5 See, e.g., cases: C-66/85 Lawrie-Blum, C-256/01 Allonby, C-413/13 FNV Kunsten Informatie en Media/Staat der Nederlanden, C-518/15 Ville de Nivelles v Rudy Matzak.
regulate the legal situation of this group of workers as an intermediate category, constituting according to the prevailing view a subcategory of self-employment (ILC 2020, para. 271; Countouris, De Stefano 2019, 23). In general, these regulations aim to establish criteria for the separation of this category of workers from the whole working population and the extension of selected rights of employees to them (see, e.g.: ILO 2016, 37–39; ILC 2020, 118–120. See also: O’Brien, Spaventa, De Coninck April 2016, 52–54; Countouris, De Stefano 2019, 23–27).

However, this is not the only pattern. Some countries do not accept or explicitly reject regulating the separate status of dependent self-employment, e.g. classifying by law workers with unclear status or certain groups of them as employees (O’Brien, Spaventa, De Coninck 2016, 52–53; ILC 2020, para. 236). Such an orientation of legal policy towards the “intermediate category” can be justified by criticism of the distinction of dependent self-employment as a separate legal category. In fact, it is pointed out that “intermediate categories between employment and self-employment may constitute an incentive for the emergence of disguised employment relationships” (ILC 2020, para. 835). It is also argued that disguising employment relations as ‘quasi-subordinate’ ones is typically easier than trying to fit them into a ‘bogus self-employment contract’, and in most systems para-subordination offers a new, easier opportunity for misclassifying employees, without paying any significant worker protective dividends (Countouris, De Stefano 2019, 59–60, 65).

Indeed, these arguments can hardly be denied relevance. However, it is difficult to deny the existence of a large group of people who do not meet the legal criteria for recognition as employees and at the same time have the characteristics of self-employed persons, but are, for example, economically dependent on the other party. Such persons could be referred to as “genuinely self-employed dependent workers”. These can include, for example, some platform workers, commercial agents, and so-called “independent professionals”, such as lawyers, architects, accountants, healthcare professionals. They may also be workers in the IT, media, and entertainment sectors. Also those who have employees such as franchise holders might be economically dependent, e.g. by being tied to one client. It can be questioned whether a top-down granting of employee status to all dependent self-employed with a full set of associated rights as well as obligations and limitations of freedom would be appropriate. It should be borne in mind that “self-employment

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6 In the literature there are also generalising attempts to identify the characteristics of dependent self-employment, such as, e.g., Perulli 2003, 105–106; Musiała 2014, 69–72.

7 See, for example, ILO 2021, 22, where it is stated: “some platform workers are genuinely self-employed but exhibit a comparable degree of economic dependence to employees”; cf: European Parliament (2007, para. 38); also: Kösters, Smits (2022, 195).

8 The CEACR emphasised that any evolution of the employment relationship should not result in a reduction of the scope of application of the labour law or in a reduction of workers’ labour protection See: ILC (2020, para. 343).
is also a free choice many workers make to enjoy autonomy in their working life” (see: ETUC Confederal Secretar Thiébaut Weber in “Foreword” to Countouris, De Stefano, 6; see also: ILC 2020, para. 262).

As a side note, it is worth noting that while the EU has denied any intention to create a ‘third’ employment status at the EU level, it has expressed its respect for the choice of some Member States to introduce it into their national legislation (See: Commission 2021/1, 21). It is also interesting to note that in its proposal for a Directive aimed at improving working conditions for platform-based workers – dated 9th December, 2021 – the Commission has stood by the concept adopted in Recommendation No. 198 and proposes to recognise, by means of a rebuttable legal presumption, that persons carrying out platform work who meet at least two of the five indicators set out in Article 4 of the proposal, which indicate control of the work by the platform, are “platform workers” – who are in an employment relationship (Commission 2021/2). This was explained, inter alia, by the fact that the employee status is a gateway to the EU labour and social acquis. At the same time, the Guidelines on the application of EU competition law to collective agreements regarding the working conditions of solo self-employed persons (Commission 2021/3), adopted by the Commission on the same date, applied the concept of protection by singling out, by means of criteria characterising dependent self-employed persons, a group of persons who have the possibility to conclude collective agreements without being exposed to allegations of infringement of competition rules.9 As aptly pointed out, in the Guidelines the Commission breaks the ‘binarity’ in the earlier approach to classification – employee or self-employed – and distinguishes within the self-employed category between independent persons and persons economically dependent on contractors (Skupień 2022, 287).

In the light of the above comments on the legitimacy of the treatment of the employment relationship promoted in Recommendation No. 198 as the only appropriate way to achieve full protection for employees working under various insecure forms of contractual arrangements, it seems reasonable to conclude that this route is not sufficient. First of all, its adoption as the only one would be too schematic. In countries adopting the classic, narrow concept of the employment relationship (subordination and control), it could mean artificially classifying workers who are genuinely self-employed dependent workers as genuinely and independently self-employed. In contrast, a broad notion of employment relationship encompassing any contractual arrangement that places workers in a position of dependence on the other party could include genuinely self-employed dependent workers – who do not always want to benefit from wage worker status and the associated benefits and disadvantages – in the category of employees. Besides, the adoption of the protection concept under consideration

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9 This applies to economically-dependent solo self-employed persons and solo self-employed persons working “side-by-side” with workers; see: paras 23–31 of the Guidelines.
presumably has little chance of widespread implementation. This is evidenced by the significant number of countries experimenting with separate regulation of the status of dependent self-employed workers, and by the above-mentioned intentions of the European Union to take initiatives aimed at specifically regulating the situation of certain groups of dependent self-employed workers.

A separate question needs to be raised regarding the content of the Recommendation No. 198 is the legal situation of genuinely and independently self-employed workers. These are workers who are neither employees nor dependent self-employed. It is, therefore, necessary to consider the legal status of the category of genuinely self-employed persons defined in this way, and who may be included in it. This issue the Recommendation omits in silence and, according to some views, denies this group protection (see: Creighton, McCrystal 2016, 716).

It might seem logical to deny the protection. Since genuine self-employment relationships are subject to general civil and commercial law, then it would seem convincing to conclude that entrepreneurs cooperating with each other on a market basis “should not be responsible for each other’s economic and physical security to any greater extent than provided for by their contractual agreement and the ordinary duties of care owed by all citizens to each other” (see: Collins 1990, 354). The function of civil and commercial law, which is essentially to ensure the effective operation of market forces rather than to nullify them, also argues against protecting the self-employed. And yet, as established above, it is an ILO principle that ILS apply to all workers, both the employed and the self-employed, unless otherwise stated. The most comprehensive explanation of the ILO’s position on this issue can be found in the above-mentioned Conclusions concerning the promotion of self-employment adopted by the ILC in 1990. For the self-employed, the ILC advocated in the Conclusions the implementation of an action programme including facilitating access to credit, means of production, training, technical assistance, investment in infrastructure, etc. (ILC 1990, para. 16). They were also considered to be entitled to the protection of core labour standards, including freedom of association, whether in the form of trade unions, employers’ or workers’ organisations, cooperatives or other forms of voluntary association. It was even stated that the self-employed should ultimately enjoy broadly similar social protection to that of other protected groups in each country. Among the priorities were coverage of sickness, disability, and old age insurance (ILC 1990, paras 16–18, 24). Also in the light of other ILO instruments, both earlier and later, there can be no doubt that de iure they are entitled to protection in the areas identified in the ILO Declaration on Fundamental Principles and Rights at Work and set out in the fundamental Conventions, as well as in other ILS. The ILO Global Commission on the Future of Work in its report of 2019 recommended a further extension of workers’ rights “irrespective of their contractual arrangements or
employment status”, thus also covering guarantees on basic working conditions, including adequate living wages and limits on working hours (ILO 2019, 38–39).

In the light of the above, contrary to the possibility presented above of interpreting Recommendation No. 198 as denying protection to genuinely self-employed workers, it seems more correct to conclude that the instrument merely omits this group of workers by silence.

Having established that genuinely and independently self-employed workers are more or less entitled to ILS protection, it is necessary to consider who can be included in this category and whether all genuinely self-employed workers should be entitled to such protection. The answer to these questions in official ILO instruments is not obvious.

In the 1990 Conclusions, the self-employed covered own-account workers – including members of producers’ cooperatives – and employers, defined as working proprietors of unincorporated enterprises. It was pointed out that there are some fundamental characteristics which distinguish the self-employed from wage employees. In particular, they create jobs for themselves and others, including employees, unpaid family workers, and apprentices. Their earnings are a return on capital as well as on labour, entrepreneurial skills, and risk-taking. In addition, the self-employed person generally has a significant degree of independence, controls working time and use of work, is responsible for a range of economic and financial decisions, and bears a major share of the risks of failure (ILC 1990, para. 3). Also, in the light of later documents, the term “self-employed work” in the ILS would have to be understood as autonomous, independent, own-account, as opposed to dependent work (see, e.g., Bignami, Casale, Fasani 2013, 2). This was expressed more descriptively by the Committee on Freedom of Association when it stated that the right to form a trade union also applies to self-employed workers who are not subordinated to or dependent on another person (ILO 2018, para. 389).

These characteristics take into account the essential features of genuine and independent self-employment also adopted in other statements on the concept, i.e. the autonomy to choose the objectives and directions of one’s activity, as well as the choice of working methods, the selection of clients and the type of contracts to be concluded, the decision to employ staff, and the bearing of the financial and commercial risks of operations (see, e.g.: ILO 2021, 210; ILC 2020, paras 264, 266). At the same time, however, it is worth noting that they objectify the concept of self-employment and self-employed workers. Meanwhile, in the light of Recommendation No. 198, the concept of the genuinely self-employed includes anyone who is not an employee and, therefore, as noted above, in countries with a narrow definition of the employment relationship, may, in fact, include genuinely

See also other far-reaching proposals to normalise the status of the self-employed in: ILO (2021, 203–235).
self-employed dependent workers. This indicates the inconsistency of the concept of self-employment in different ILO instruments, capturing self-employment once as a relative concept, not dependent on objective criteria of autonomous action by the worker, and once as a concept based on such criteria.

To conclude the remarks on genuinely and independently self-employed workers, it is necessary to raise the question of the boundary between this concept and that of the employer, as subjects of different types of protection in the ILO’s activities. It is clear that the protection of employers’ interests is also part of the ILO’s mandate, as is evident if only from the tripartite composition of that organisation. It is also clear that the means of protecting these interests are intrinsically different from those concerning workers (see, e.g., ILC 1999, 10–11, 24–25). Thus, what distinguishes the genuinely independent self-employed from employers? I think the answer is simple. They are distinguished by the fact that they are workers, where workers can only be physical persons who personally provide services to customers and who rely primarily on their personal work to provide those services and earn a living.\footnote{Compare the proposal to define the scope of labour law based on the idea of the personal work relationship: Countouris (2019, 52–53, 62–67).} In my view, it would be incomprehensible to grant them rights and guarantees to the extent outlined above without adopting such a definition of the category of persons concerned. Provided that the indicated characteristics are fulfilled, self-employed persons should also be included in this group, if they make auxiliary use of the work of others in the course of their business.\footnote{A good model of a worker meeting these conditions is the definition of a self-employed rural worker in Article 2 of the Rural Workers’ Organisations Convention, 1975 (No. 141).}

CONCLUDING REMARKS

The above comments justify the not entirely surprising conclusion that there is no coherent approach to the protection of self-employed workers. The status of the genuinely and independently self-employed is not entirely clear. However, the fundamental problem is the status of workers belonging to the category of genuinely self-employed dependent workers. The actual existence of this category is not disputed in official ILO documents. Among others, in 2015, the subsequent work on the Decent Work Agenda (ILC 1999) explicitly acknowledged its existence. It was noted that, like other workers in non-standard forms of employment, they are often not protected in law or in practice. To improve this situation, it was recommended to identify gaps in existing international labour and social security standards and to consider additional standards in this area (Governing Body 2015, 50–52). The CEACR also recognises that the validity of the binary distinction between employment and self-employment adopted
in Recommendation No. 198 is challenged by the existence of work outside the traditional employment relationship and that the current reality is not clear, with a number of workers remaining in a grey area between the two categories (see ILC 2020, para. 257). At the same time, however, there is as yet no conception of their protection in international labour law, apart from that proposed in Recommendation No. 198. This issue is the subject of a lively discussion in the literature. Some authors advocate special regulation of the situation of dependent self-employed workers. There is also a strong current in favour of moving away from the two-division of workers described above and introducing new criteria for determining the personal scope of labour protection (on these views, see, among others: Counouris, De Stefano 2019, 58–60, 64–67; Musiała 2014, 71–73; Duraj 2023, 12–13).

De lege lata, the division of workers into employees and those self-employed remains valid in ILO standards. In the light of Recommendation No. 198, which explicitly and in general terms defines the relationship between the concepts of employment relationship and self-employment, a self-employed worker is any worker who is not an employee within the meaning of the law of the Member State concerned. As a result, in countries that use the classic, narrow definition of an employment relationship or contract, there is a significant group of workers who are genuinely self-employed but at the same time dependent on the other party to the work relationship in which they remain. A number of countries are responding to this situation by enacting appropriate legislation to protect this group of workers or specific categories of workers. The ILO’s position, which is still valid, is that, despite their dependence and vulnerability, they should be treated in the same way as all self-employed workers.

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