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Entrepreneurship and diversity A study into the origins of self-employed people in Belgium

Executive summary

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“Creating the conditions for a competitive, sustainable and balanced operation of the goods and services market in Belgium.”

Executive Summary

The theme “origin and the labour market” is not only topical today, it has been for several years. Existing knowledge about Belgian residents of foreign origin and their situation in the labour market focuses in many cases on an analysis of the general level of employment, which is an important figure, but one that cannot be interpreted separately from the specific historical and contemporary context of migration. In addition, more extensive analyses exist, including the Socio-economic Monitoring (SEM), which has been published every two years since 2013 by staff at the FPS Employment, Labour and Social Dialogue (ELSD), in collaboration with Unia. The SEM analyses the recent evolution of the labour market and the working conditions of people, according to their origin. Reading this impressive work reveals that the situation of self-employed people still receives little attention. Starting from the mission of the FPS Economy and its General Directorate for SME policy - namely, promoting entrepreneurship and the entrepreneurial spirit - and on the initiative of the Minister for the Self-employed and SMEs, the idea came about to make a similar contribution, inspired by the SEM, with the focus on self-employed people and their origin.

The **specific aims** of this study are to catalogue the general situation of self-employed people in Belgium according to their origins, trigger the impetus for further research, and create an instrument to support entrepreneurship and diversity policy.

The focus of the study is on **self-employed people**. Specifically, it studies natural persons subject to mandatory insurance and who are affiliated with a social insurance fund in Belgium, both directors and non-directors. It only covers people domiciled in Belgium. In most cases, the study covers the period 2008-2015.

Traditional employment statistics based on nationality or country of birth cannot adequately link the aspects “origin” and “situation in the labour market”. By only focusing on nationality, for example, a section of the target group is missed by the analysis - the second generation of people of foreign origin, for instance.

In order to study every aspect of this theme, children with Belgian nationality and parents of foreign origin cannot - when analysing the labour market - simply be placed in the same category as children with Belgian nationality and parents of Belgian origin. Acquiring nationality does not in itself place someone in the same situation on the labour market or in the same context as regards origin. In order to fully cover the existing situation, and identify possible discrepancies based on origin, we need to look beyond a person’s current nationality. That’s why the FPS

ELSD and Unia have been using, since 2013, two combined and complementary variables, “**origin**” and “**migration background**” in the twice-yearly SEM.

For “**origin**”, the following differentiation is crucial:

- Belgian origin covers people with Belgian nationality, born as Belgian nationals and whose parents were also born as Belgian nationals.
- Foreign origin covers people who have foreign nationality or who were born with a foreign nationality, or of whom one of their parents was born with foreign nationality or has foreign nationality.

There is also an “undetermined origin” group: these are people for whom the necessary information is unknown, especially older people. As these definitions show, the criterion “nationality” is transcended by including the past situation, i.e. the parents, in determining the origin of an individual. Foreign origin is further broken down into EU and non-EU origin, and into more detailed, specific country groups - e.g. EU14 (“Western Europe”) and EU13 (“Eastern Europe”).

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The second variable – “**migration background**” – covers the various generations and the obtaining of Belgian nationality. In practical terms, migration background is encompassed in the following groups: first generation and Belgian, first generation and non-Belgian, second generation and third generation. This variable is considered as “ancillary” in the study.

The population of self-employed people is analysed according to origin and migration background, in various ways - e.g. according to age and the nature of their activity. It should be emphasised that this study is **exploratory in nature**. It should be regarded as an initial exploration of the available data on self-employed people and their origins. In a subsequent edition, more attention could be given to additional analyses by gender or to a specific theme such as the number of people who are self-employed as their secondary occupation, by origin and gender.

Furthermore, a number of important data are not yet available, or were not at the time. The link between the data on self-employed people according to their origins and the data on their enterprise could not be made from a technical perspective at the time this study was drawn up. It is currently being examined how to establish a link between these two data sources. Data on the level of education of self-employed people, by origin, were also unavailable. Major progress has since been made regarding levels of education (see SEM 2017) and the aim is to incorporate this aspect in a subsequent edition of the study.

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What has the study revealed about self-employed people according to their origins?

In 2015, 68.5 % of self-employed people in Belgium were of Belgian origin, 20.8 % were of foreign origin, and 10.6 % were of undetermined origin. Over the period 2008-2015, the “foreign origin” group grew three times faster than the “Belgian origin” group: 39.8 % vs. 14.5 %, although the “Belgian origin” group had stronger growth in numerical terms. If we split up self-employed people by origin according to the nature of their activity, we see that self-employed activity as the main occupation is overrepresented for “foreign origin” (77 %), compared to “Belgian origin” (69 %). However, self-employed activity as the secondary occupation (25 %) and active after retirement (age) (6 %) stand stronger in the “Belgian origin” category: 18 % and 5 % respectively among the “foreign origin” group.

The largest groups within the “foreign origin” category are the EU14, the EU13, the Maghreb countries and EU candidate countries¹. The EU14 accounts for half of the self-employed people of foreign origin group, together with EU13 account for two out of every three of the self-employed people of foreign origin group. All groups within “foreign origin” grew strongly. Both “undetermined origin” and “second generation”, the latter comprising 17 % of self-employed people in 2015, recorded negative growth. “Undetermined origin” primarily consists of older people who leave the labour market, and accounts for 61.5 % of the “second generation”. “Foreign origin” does however increase among the “second generation”. Among the “first generation” we can observe that there are twice as many “first generation non-Belgians” (9.6 %) as “first generation Belgians” (4.7 %). Almost 85 % of “first generation non-Belgians” are EU citizens, while this is the case for 23 % of “first generation Belgians”. The “third generation” coincides with “Belgian origin”.

An **international comparison** based on Eurostat² reveals that Belgium has a higher than average percentage of self-employed people with a different country of

1 The indicated country groups encompass:

- EU14: France, Germany, Italy, the Netherlands, Luxembourg, Ireland, United Kingdom, Denmark, Greece, Spain, Portugal, Finland, Sweden and Austria.
- EU13: Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia, Croatia, Slovakia, Bulgaria and Romania.
- Maghreb countries: Algeria, Libya, Morocco, Tunisia and Mauritania.
- EU candidate countries: North Macedonia, Turkey, Albania and Montenegro.

2 Please note: the Eurostat data does not incorporate the “origin” variable, but the “different country of birth” variable. This means that the number of self-employed people with a foreign origin will be slightly lower according to Eurostat data. In effect, someone born in Belgium with a parent with foreign nationality will be indicated as “foreign origin”, but will not appear in the Eurostat data under “different country of birth”.

birth, although there are also Member States with similar percentages to Belgium, e.g. Austria and Sweden. In addition, Belgium is characterised by a much higher than average proportion of self-employed people born in the EU compared to all self-employed people in Belgium with a different country of birth, and the proportion of EU14 among these self-employed people is again higher than average.

In the second part of the study, a number of personal characteristics of self-employed people by origin are examined.

As regards the theme of **gender**, we can observe that the ratio of women to men among “self-employed people of foreign origin” is lower than that among the “Belgian origin” group, i.e. 31.2 % to 68.8 % versus 34.5 % to 64.5 %. At the same time, these ratios are not too divergent, and both origin groups are confronted with a serious underrepresentation of self-employed women. Among the “foreign origin” group, the EU³ group has a higher proportion of self-employed women than the non-EU group. Looking at the specific origins within the “foreign origin” category, we can observe that the EU14, other Europeans⁴ and other Africans⁵, among others, have a more proportional ratio than “Belgian origin”. However, EU candidate countries, Maghreb countries and the EU13 have a more negative ratio. This difference is once again evident in the statistical evolution between 2008 and 2015: among “Belgian origin” and the EU14, the difference in growth between men and women is rather limited. On the other hand, the difference is very large among the EU13, EU candidate countries and Maghreb countries, among others. Among different generations, we observed that a more “recent” migration background and/or a higher number of non-EU self-employed people in one generation results in a lower proportion of self-employed women.

If the self-employed person by origin is split up according to **age categories**, then the 30-54 year old category logically contains the highest number of self-employed persons and the older (55-64 and \geq 65 years) and younger categories (\leq 20-29 years) contain the lowest number. Foreign origin can be considered as “younger”, Belgian origin as “older”. Among the “foreign origin” group, the EU14 and North Americans⁶ belong to the older groups, the EU13 and EU candidate countries to the “younger groups”. In addition, we can observe that the non-EU group is younger than the EU group. In the statistical evolution, we can observe that the older categories have the strongest growth, with the “Belgian origin” group out in front.

3 The “EU origin” is the sum of the EU14 and EU13. “Non-EU” includes all other foreign origins.

4 Other European countries: Iceland, Andorra, Liechtenstein, Monaco, Norway, San Marino, Switzerland, Russia, Holy See, Belarus, Ukraine, Moldova, Bosnia and Herzegovina, Serbia, etc.

5 Other African countries: Burundi, Cameroon, South-Africa, Congo, Senegal, Rwanda, etc.

6 North-America: Canada, United States of America.

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Among the younger category, the “foreign origin” group enjoys strong growth. Among the different generations, it is striking that a significant proportion of the older categories are the second generation. The first generations are the youngest.

Finally, the place of residence **per region** was examined. The situation in Brussels is particularly striking, where self-employed people of foreign origin make up the majority (61.6 %) of all self-employed people. Thanks to the demographic predominance of Flanders, the Flemish Region has the highest number of self-employed people of foreign origin, but also the lowest share (13.2 %) per region. The EU group is stronger than the non-EU group across all regions, with the largest discrepancy in Wallonia. Among the “foreign origin” group, the EU13 once again stands out, especially in Brussels and in terms of growth. Even without the EU13, almost every group of countries in every region is growing strongly. Among different generations, the situation of first generation non-Belgians in Brussels is particularly striking: they make up the largest group of all self-employed people in Brussels with 37.5 % - in comparison, first generation Belgians make up 13.6 % of self-employed people in Brussels.

In the third part of the study, a number of professional characteristics are studied.

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Looking at the numbers of self-employed people by origin **joining and leaving** the National Institute for the Social Security of the Self-employed (NISSE), we see that in 2008 just over one quarter of people joining were of foreign origin, in 2015 it was one third: the EU group accounted for 20 % of all affiliations in 2015, with the non-EU group accounting for 13 %. Specifically, the EU14 accounted for 40 % of people joining among self-employed people of foreign origin, with the EU13 accounting for 20 %. The strongest increase in people leaving is also among self-employed people of foreign origin. Among self-employed of foreign origin leaving, the non-EU group is overrepresented compared to the EU group, more specifically we can identify the overrepresentation of, inter alia, the EU13, EU candidate countries and Maghreb countries. Among different generations, we see that especially the number of affiliations among first generation non-Belgians increased strongly. The same applies for people leaving: there is an increase for the non-Belgian group especially, but also for the non-EU group in general.

We also observe that self-employed people of foreign origin are overrepresented among the **directors of companies**, with the non-EU group being more overrepresented than the EU group. The gap between the number of directors and non-directors in 2015 is very small among a number of “foreign origin” groups, and for EU candidate countries there are actually more directors than non-directors. Directors are also overrepresented among first generation Belgians and non-Belgians - especially in the non-EU group, but also in the EU group.

An examination of the **professional codes** of the NISSE between 2011 and 2015 reveals that agriculture and fisheries professions, the liberal and intellectual professions and the service professions are characterised by a particularly high proportion of self-employed people of Belgian origin, while the trade, industrial and miscellaneous professions⁷ are exercised by a larger proportion of self-employed people of foreign origin. Almost 40 % of self-employed people of foreign origin are active in trade and 26 % in industry, compared to 30 % and 20 % respectively among the “Belgian origin” group. On the other hand, 30 % of self-employed people of Belgian origin exercise a liberal and intellectual profession, whereas this is 24 % among the “foreign origin” group. Self-employed people from the EU account for the largest proportion among the “foreign origin” group, especially in the liberal and intellectual professions, in industry, services and agriculture and fisheries. The proportion of self-employed persons of non-EU origin is close to the proportion of self-employed persons of EU origin in miscellaneous professions and trade professions. The growth of the population of self-employed people of foreign origin is stronger than that of the population of self-employed people of Belgian origin in all categories of professions, except in the category of miscellaneous professions. Growth is generally faster for the non-EU group than for the EU group, in all categories of professions.

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If we split up self-employed people by origin according to the **nature of their activity**, as briefly indicated above, we see that self-employed activity as the main occupation is overrepresented in the “foreign origin” group: 77 % versus 69 % for the “Belgian origin” group. Self-employed activity as the secondary occupation and active after retirement (age) stand stronger in the “Belgian origin” category compared to the “foreign origin” group: 25 % and 6 % respectively versus 18 % and 5 %. A striking aspect is that 43 % of the “undetermined origin” group is in the active after retirement (age) category. Among the EU group and non-EU group, we see that the non-EU group scores slightly higher for self-employed activity as the main occupation and secondary occupation, the EU group for the active after retirement (age) category, especially the EU14 group. The EU13 group scores the highest of all origins for self-employed activity as the main occupation, and the lowest in self-employed activity as the secondary occupation. The growth of the EU13 group, concentrated among self-employed activity as the main occupation, is striking. As regards different generations, we see that the proportion of third generation people is overrepresented in self-employed activity as the secondary occupation. The second generation is strongest in the category “active after retirement (age)”. The first generation is primarily represented in the group self-employed activity as the main occupation.

7 Undetermined professions: (as yet) unknown or not included in any other category.

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The theme of **professional capacity** – self-employed person vs. helper – was also examined. In 2015 the population of self-employed people (901,384) was almost 15 times higher than the population of helpers (61,831). The breakdown of populations of Belgian and foreign origin by professional capacity was identical: each one is made up of a large proportion of self-employed people (93.7 %) compared to a small proportion of helpers (6.3 %). The total population of helpers experienced a significant decrease (with almost a 25 % decrease in their numbers) since 2008. This decrease is mainly due to the decrease in the number of helpers of Belgian origin (-25 %) and undetermined origin (elderly people), while the number of helpers of foreign origin (+26.1 %) is increasing. As for different generations, the third and second generations show an identical make-up of self-employed people and helpers (each 93.7 % and 6.3 %). The first generation Belgian group is composed of a slightly higher proportion of self-employed people (94.7 %), while the first generation non-Belgian group is composed of a slightly higher proportion of helpers (7.7 %).

Level of self-employment

In the final chapter, **the level of self-employment**⁸ of each origin group and generation was examined using data on the working-age population (18-64 years old)⁹ in Belgium. We can see that the national level of self-employment across all origin groups was 12.5 % in 2014. The level of self-employment of the category “Belgian origin” compared to the working-age population (18-64 years old) is higher than that of “foreign origin”: 14.3 % versus 8.9 %. Both show positive growth between 2008 and 2014. The origin groups with an EU background have a higher level of self-employment compared to those with a non-EU background.

Specifically, the EU13 (15.9 %) recorded very strong figures. At the same time, a number of other groups – especially from the Maghreb countries (5.1 %), other Europeans (5.8 %) and other Africans (3.4 %) – are highly underrepresented among the self-employed. As an illustration, people from Maghreb countries accounted for 4.8 % of the total population between the ages of 18 and 64 in 2014. However, this group accounts for barely 1.9 % of all self-employed people in Belgium. This results in a level of self-employment of 5.1 % compared to a level of self-employment of 8.9 % among all self-employed persons of foreign origin, and compared to a level of self-employment of 14.3 % for self-employed persons of Belgian origin.

8 This ratio is calculated by dividing the number of self-employed people by the working-age population. This is consequently the proportion of self-employed people among the working-age population.

9 Working-age population: the population aged 18 to 64 years old.

For the “migration background” variable, the second and first generation are both underrepresented among the self-employed. However, the first generation, both Belgian and non-Belgian, is making good progress, but these groups are still underrepresented.

Possible explanations

Apart from describing the situation, where possible, a number of possible explanations have been suggested for the figures. First and foremost is the “**European Union**” factor: Belgium is characterised by being host to a number of institutions of the European Union, of which Brussels is the capital. In addition, Belgium’s neighbouring countries and some other Western European countries are historically accountable for a large part of the migration to Belgium. Our neighbouring countries are also part of the founding members (of the precursors) of the European Union. EU citizens automatically enjoy a number of basic rights, which facilitates intra-European migration compared to extra-European migration. In addition, the EU expanded to Eastern Europe in 2004 and 2007.

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Secondly, there are **a number of factors that influence the (growth of) the (working-age) population, including the number of self-employed people**. Regarding the population growth, we can observe that this is primarily due to a positive migration balance, the difference between immigration and emigration, and that the total fertility rate¹⁰ of women with non-Belgian nationality is higher than that of women with Belgian nationality. At the same time, there is the dual dynamic of, firstly, the general ageing population, and secondly, limiting their leaving the labour market through a number of reforms, such as the possibility of earning an unlimited additional income as a self-employed person after retirement (age).

Thirdly, there is **the general phenomenon of becoming a self-employed person**. Self-employed status offers more autonomy and flexibility, but also more job and income insecurity. The status has been improved in recent years and can act as a gateway to the labour market, including “*for low-skilled, older and foreign people who have difficulty in finding paid employment*” (NBB, Annual Report 2017, p. 159). Consequently, the specific status of “**self-employed activity as a secondary occupation**” is very successful. For example, the National Bank of Belgium stated in its 2017 Annual Report (p. 159) that “*It enables people in paid employment as their main occupation to continue enjoying job security and all the social advantages connected with that status (time credit, parental leave, maternity leave, etc.) together with an additional income.*” This trend is reflected in both

10 For more information, see amongst others <https://statbel.fgov.be/en/themes/population/births-and-fertility> and Eurostat, Live births by mother’s age and country of birth (demo_facbc).

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the “Belgian” (+25 %) and “foreign origin” groups (+40 %). Moreover, an increasing focus on promoting self-employed status has been noticeable in recent years, even among young people - e.g. in education.

We should also keep the **historical context** in mind. The integration and assimilation of people of foreign origin, according to the findings of the SEM and/or the National Bank¹¹, are currently still hampered by a lack of proficiency in one of the national languages, problems with the recognition of diplomas and skills, administrative barriers, discrimination and generally lower levels of education. These are some of the obstacles in accessing the labour market, resulting in a lower employment rate. The level of education in particular (for all population categories) is vitally important (NBB, Annual Report 2016, p. 88-89 and 170). There are also the potential barriers to self-employment in general, e.g. lack of access to finance, which may be an explanation.

The fact that women still have a lot of catching up to do regarding representation on the labour market, including the **female self-employed**, is the result of a historical disadvantage. However, a catch-up movement started in the 20th century, which has still not been completely finalised. From an economic perspective, this is primarily reflected in an increasing labour market participation, also in self-employment. However, there remain a number of problems, such as the fact that women are proportionately more likely to be in less well-paid occupations, in particular because, in Belgium, they more frequently work part-time. This suggests that it is more often the women who take on the child care, while the men focus more on their career development (NBB, Annual Report 2017, p. 28). Even female entrepreneurs still come up against the traditional model, whereby women are seen as the engine of the family unit. The position of women within the family also varies depending on the cultural origin of the family in which they live (impulse.brussels and actiris.brussels, 2014, p. 73).

Finally, all of these elements must be seen in the **broader economic context**: Belgian gross domestic product or GDP (at current prices) increased by 16 % between 2008 and 2015, and GDP per capita by 10.3 % (Eurostat). This economic growth will also have an impact on self-employed people through, inter alia, rising consumer demand, new economic opportunities, better access to finance, a more stable social climate and potential investment in infrastructure and education by the government.

11 For more information, see <http://www.werk.belgie.be/SocEcMonitoring2017/> (Dutch and French only) (p. 164 et seq.) and https://www.nbb.be/doc/ts/publications/nbbreport/2016/en/t1/report2016_complete.pdf (p. 88-89 and p. 170).

In conclusion, we can summarise the situation of self-employed people in Belgium.

In 2015, 68.5 % of self-employed people in Belgium were of Belgian origin, 20.8 % were of foreign origin, and 10.6 % were of undetermined origin. The largest groups within the “foreign origin” category are the EU14, the EU13, the Maghreb countries and EU candidate countries. Both in the “Belgian origin” group (34.5 %) and “foreign origin” group (31.2 %), self-employed women are underrepresented. In addition, the “foreign origin” group is generally younger and very strongly represented in Brussels. Almost 40 % of self-employed people of foreign origin are active in trade and 26 % in industry. Moreover, self-employed activity as the main occupation is overrepresented in the “foreign origin” group and self-employed activity as the secondary occupation and active after retirement (age) are in the “Belgian origin” group. Finally, the level of self-employment of the category “Belgian origin” compared to the working-age population (18-64 years old) is higher than that of “foreign origin”: 14.3 % versus 8.9 %. A number of the “foreign origin” groups are seriously underrepresented.

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Finally, the FPS Economy would like to turn their attention to **the future** in terms of supporting entrepreneurship and diversity. The second edition of this study is planned for 2020. The study is foreseen to be extended thematically, and the intention is to add the following topics: the level of education of self-employed people, the career path of self-employed people - whether this is a former student, employed person, unemployed or retired person who has become self-employed - and data on the company of the self-employed person. In addition, some elements of the current study will be integrated into the “**Tableau de bord des PME et des entrepreneurs indépendants**”¹² (2019), which will be already the fourth version of this annual publication.

12 Dashboard for SMEs and self-employed people.



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