



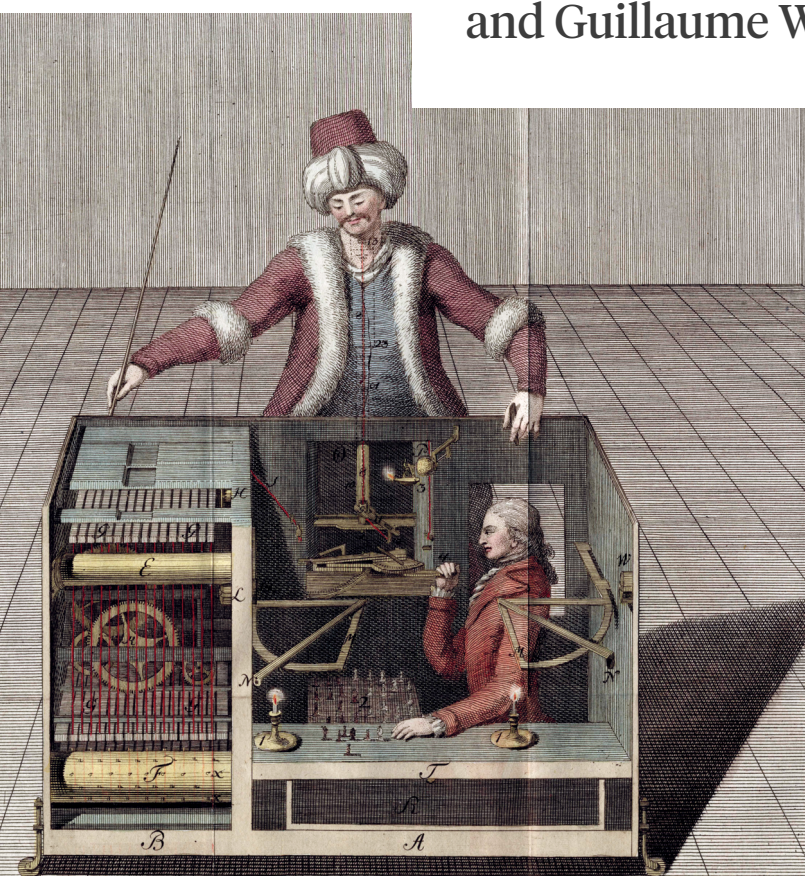
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Redesigning Labour Market Policies for the Future of Work

Hélène Benghalem, Piotr Denderski
and Guillaume Willems



Redesigning Labour Market Policies for the Future of Work: Lessons from the ‘Intermittents du Spectacle’ scheme in France.

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Executive summary

Facts

1. The non-standard work arrangements (NSWAs), ranging from independent contracting and self-employment to on-call and temporary contracts, concern about 20% of British workers.
2. Providing a social safety net to workers in NSWAs is critical because they are exposed to more uncertainties than standard employees. They bear the risks of their income-generating activity, whose demand fluctuates with the market, while firms shield their employees from these risks.¹
3. The eligibility rules of existing social protection schemes were built on the clear-cut distinction between employment and unemployment. However, this distinction is not binary but fuzzy in the case of NSWAs.² This fuzziness is not only an issue for policy but also research. NSWAs are not clearly or sometimes not measured at all, which limits the availability of data to evaluate social protection policies' potential benefits and costs.
4. Countries have chosen different routes in defining their social protection schemes. Existing schemes differ in their degree of integration across different types of work arrangements and sectors. Most schemes are contributory, financed by contributions paid by employees and employers, while others are exclusively based on public spending and general taxes.
5. In the United Kingdom, social protection is tied to the employment status of individuals. Regarding social protection, self-employed workers cannot claim the Job-seeker's Allowance. They can claim social assistance benefits (Universal Credit),

¹However, social protection has received less attention than labour protection from policymakers and the media. The most well-known example of the latter is the reclassification of Uber drivers as workers and not independent contractors.

²For instance, an individual who works with multiple customers or employers per month may face difficult periods with fewer 'gig' opportunities. This individual may not be jobless strictly speaking but may require some social protection during the periods of low activity.

but these benefits do not protect against fluctuations in income below the Minimum Income Floor (MIF). On the one hand, the introduction of MIF is justified by the threat of income under-reporting in self-employment. On the other hand, there is a protection gap between employees who lost their jobs and workers with a self-employed status.

6. There exists a unique and long-established social protection scheme in France, the ‘*Intermittents du Spectacle*’ (IDS) scheme, designed explicitly for art workers. The art industry in France is essentially a mature, well-regulated gig economy. Therefore, this scheme constitutes an insightful laboratory to inspire new social protection schemes for non-standard work arrangements.
7. The IDS scheme offers unemployment benefits to art workers based on a different criterion than for standard employees in France.³ In addition to a specific eligibility rule, the labour law allows employers to use flexible fixed-term contracts with art workers with no termination cost.
8. The IDS workers experience periods of receiving no income at all very frequently. When they do work, they normally work for more than one employer in any given month. The contractual hours reported are lower than those of full-time employees.
9. The labour market of IDS jobs works independently from the rest of the economy. We don’t observe many transitions between the art industry and standard employment. Workers who become eligible for IDS benefits tend to maintain long careers in the creative industry while securing support from the system
10. The IDS scheme distorts workers’ behaviours by generating individual eligibility cycles. Workers target the eligibility threshold of hours worked to become eligible for the benefits. This implies an increase in hours worked per month before workers turn eligible, followed by a drop once they turn eligible.

³As of 2022, an art worker is eligible for unemployment insurance if they have worked at least 507 hours in the last 12 months. Instead, a worker in standard employment is eligible for unemployment insurance if they have worked at least 6 months in the last 24 months.

Recommendations

1. The IDS scheme closes the protection gap by classifying art workers as employees. The art sector is distinct in that there is a small substitution between NSWAs and standard employment for employers. This sector's very nature of supplied work makes standard employment contracts frequently ill-suited. However, a blanket policy closing the protection gap fully would likely displace workers from the regular market to unstable jobs in sectors where standard stable employment is prevalent.

Recommendation 1 *The protection gap can and should be closed in specific sectors of the economy. The distinct features of such sectors are: i) working in them is naturally and heavily tilted towards NSWAs, ii) there is limited substitution between NSWAs and standard employment. Hence, a new social protection scheme for NSWAs could involve sector-specific regulations.*

In the UK context, implementing this recommendation could involve the treatment of income from self-employment in specific sectors of the economy on par with employees' wages. Another parameter of the current policy mix in the UK that could be adjusted is the length of the time window used to calculate eligibility to benefits and the length of entitlement to benefits.

2. Assuming a favorable decision to implement a new protection scheme for NSWAs has been made, a natural question is its generosity, e.g., within the UK system, one example could be sector-specific variation in MIF level. The IDS scheme is quite generous, which creates strong incentives for workers to join the scheme instead of contemplating working in the informal economy. However, a public contribution funded by taxpayers is also required to subsidise this system. It can also be the case that working in NSWAs is only an interim step in one's career, unlike in the art industry. In such sectors, two possible effects of closing the protection gap for NSWAs exist. The positive impact is to help such workers transition to stable employment, a stepping-stone effect. The negative effect is due to worker casualisation as firms

may create jobs with NSWAs instead of standard jobs.

Recommendation 2 *The generosity of protection offered to NSWAs depends on three factors: the threat of informality, the stepping-stone effect, and the casualisation effect. These effects should be quantified.*

This recommendation would require an in-depth, sector-specific study on the career trajectories and long-term labour market consequences of working in NSWAs in the UK. Furthermore, pilot studies should precede any decisive policy change.

3. The rules of the IDS scheme are well-known and well-understood by art workers. Hence, workers adjust their behaviour to the eligibility and benefit rules. This response means that policymakers must choose policy parameters carefully. For instance, the IDS scheme generates perverse incentives to misreport hours worked to gain eligibility faster. An ideal scheme should incentivise workers and employers to report truthfully about the elements of the job contract, such as pay and hours.

Recommendation 3 *The eligibility and benefit rules should minimise incentives to game the system. There should be no gains to collude between employers and workers.*

In the UK context, the use of total income, and not hours worked, as the eligibility criterion should be maintained.

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1 Introduction

Technology and the Labour Market. We live in times of unprecedented advancements in information and communication technologies. Indeed, it has never been easier to connect and communicate instantaneously with another person on the other side of the globe. These advancements have also affected the way work is organised and supplied.⁴ Next to standard, long-term contracts, new forms of employment have become increasingly popular, leading to the emergence of the so-called gig economy.

Nowadays, in light of the abovementioned technological progress, work arrangements are on a spectrum of (two-sided) commitment, which is also tightly intertwined with stability. Standard open-ended employment contracts are at the one extreme on this spectrum. In such contracts, the workers are obliged to offer pre-agreed work, following the employer’s directions, and the employers are committed to paying pre-agreed wages. Workers are protected against the dissolution of these contracts as employers must have a motive for dismissal. This motive has to be supported by evidence of misconduct or redundancy.

On the other extreme are freelancers who have complete control over their schedules and what they do, up to the point of what they have willingly agreed with their clients. Somewhere in the middle of this spectrum are other work arrangements, such as task-based contracts, on-call work, agency work, platform-based work, and zero-hours contracts.

Table 1: Work arrangements in the UK in 2022

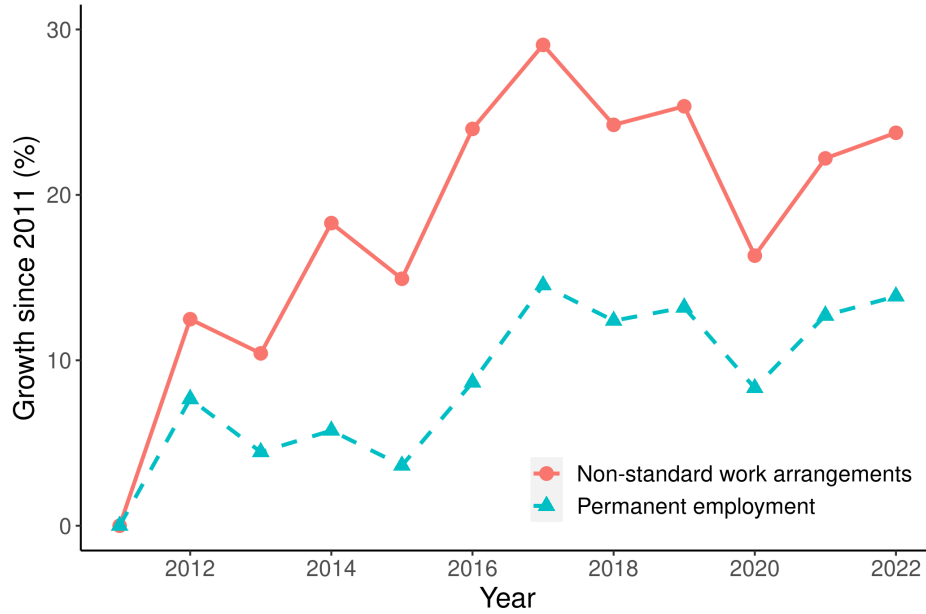
Non-tripartite employment				
Permanent full-time	Permanent part-time	Temporary or on-call	Solo or agency worker	Business owner with employees
62.7%	15.7%	6.9%	13.3%	1.4%

Source: Quarterly Labour Force Survey 2022, authors’ calculations. See Appendix for details.

The share of non-standard work arrangements (NSWAs), which we define as the remainder of those earning income from labour who are not either in standard permanent employment (be it full- or part-time) nor employ others, is quite significant in the United

⁴Technological advancements also lead to the creation of new jobs and industries and the destruction of old ones. See (Abraham et al., 2018; Acemoglu et al., 2022) for a discussion.

Figure 1: Employment growth



Source: Labour Force Survey, second and fourth quarters, 2011-2022, authors' calculations.
See Appendix for details.

Kingdom (UK). Indeed, about 20% of workers in the UK were in NSWAs in 2022: 7% were in temporary or on-call contracts (including zero-hours contracts), and 13% were either freelancers or employed through a third party (an agency or a platform), see Table 1.

Moreover, there is a clear trend in the prevalence of NSWAs. Indeed, as demonstrated in Figure 1, the number of workers in NSWAs has grown faster than permanent employment in the UK since 2011. As a result, the share of NSWAs in total employment has increased.

Regulatory challenges The new forms of work do not quite fit into the frame of existing labour regulations. Although there has been some regulatory catching up with the labour market transformation, the focus has been essentially the legal boundaries between employment, independent contracting, and self-employment. These boundaries determine the duties of employers towards their employees or sub-contractors. The most significant regulatory adjustments came from a bottom-up approach, resulting from cases brought to courts in many countries to clarify the duties of Uber and other platforms towards its drivers and couriers (De Stefano et al., 2021). However, regulations on the

social protection front are still lacking. Improving them is a challenge for policymakers as such regulations cannot emerge from bottom-up approaches.

Social protection is critical for workers in NSWAs because they are particularly exposed to more uncertainty than employees. Working in NSWAs generates insecurity in the income stream - workers are forced to bear more of the risks that firms used to face - and vulnerability to unexpected life events. Although that career may be a deliberate choice for workers enjoying its flexibility, NSWAs can also be a default option. The technological progress has indeed contributed to an emergence of a dual labour market in which some people enjoy the benefits of stable, long-term employment contracts, but others face increased precariousness. The existing safety nets and labour market policies, like unemployment insurance, have been developed with the former in mind, not the latter. New social protection regulations may require a re-design of the labour market policies, accounting for the richness of the spectrum of work arrangements.

Designing a social protection scheme for the NSWAs is a tough nut to crack, facing two major obstacles. The first one is the absence of data to inform the policy trade-offs. Non-standard work arrangements are not easily captured in most public and administrative data. Labour force surveys and more recent matched employer-employee data are built to capture information on employment status. Many forms of work arrangements, especially in the informal economy, are either invisible or lumped into too broad and obscure categories (e.g., other types of employment) in these datasets. It is, therefore, difficult to identify those in NSWAs needing extra social protection. Without identifying this group, policymakers can hardly determine eligibility criteria and evaluate the costs of the new social protection scheme.

The second challenge is about the fuzziness of NSWAs. Traditional unemployment benefit schemes operate based on a binary distinction of employment status. A worker is either employed or unemployed at a point in time. The current rules for benefit eligibility have been designed with this dichotomy in mind. The picture is more blurred for NSWAs. For instance, an individual who works with multiple customers or employers per month may face difficult periods with fewer ‘gig’ opportunities. It is less straightforward to

determine clear eligibility rules in that case.

Our contribution This report contributes to the discussion on social protection for the future of work by focussing on an insightful case study. In France, the *‘intermittent du spectacle’* (IDS) scheme enables art workers to receive unemployment benefits between their gigs. The art industry is an ideal subject to study the future of work because it is essentially a gig economy in a mature state. Importantly, this case study solves the two challenges raised above. First, art workers in the IDS scheme ought to be contractually employed, and the public administration needs this information to pay benefits. Second, the IDS scheme is based on an alternative model to the employed-unemployed dichotomy.

How does the IDS scheme differ from existing social protection schemes? What are the specific features of the gig economy for art workers in France? How does the IDS benefit scheme shape the careers of these workers? Lastly, what can we learn from the experience of the IDS scheme? These are the questions we explore in this report.

The structure of this report is as follows. First, we review the main features of existing social protection schemes for atypical work arrangements in Section 2. Interestingly, every country has developed its scheme with advantages and drawbacks. Then, we describe the measures in place in the UK in Section 3 through the critical features we have identified. We then provide details of the IDS scheme in France in Section 4 and describe the key features of IDS work in Section 5. Section 6 summarises the lessons to draw from the IDS scheme in the prospect of designing new social protection schemes in the UK.

2 Key features of existing social protection schemes

In this section, we distinguish the main features of the social protection schemes, which focus on providing support to mitigate the effects of adverse shocks to labour income, e.g., job loss. Based upon a report on existing schemes by the [OECD \(2018\)](#), we identify three key dimensions. This classification provides an overview of the possible options to improve the labour policy mix in the UK.

Scope Social protection schemes differ in their degree of coverage across types of employment. In most countries, social protection schemes offer the broadest support to employees. Such systems are then usually designed to respond to risks related to health, family circumstances (e.g., childbirth), unemployment, and longevity (pensions). Workers in NSWAs usually are covered by different schemes than employees, or are not covered at all. When a scheme for these workers exists, it offers less protection than the scheme for employees. For instance, the risk of losing one’s job – the unemployment risk – may not be covered. An important exception is the Australian system, which is not attached to a specific type of employment, which means independent workers are virtually entitled to the same benefits as employees.

Some countries implement sector-specific schemes that are more generous than the standard scheme in certain aspects. This is the case for artists and writers in Germany and IDS workers in France. Germany makes firms that hire artists and writers pay social contributions to the scheme. The government subsidises these chosen sectors, which is desirable if they have a social value like the arts. However, they also feed the casualisation of these sectors.

Financing Many labour income protection schemes are financed through social contributions paid by employers and employees from wages. Adopting contributory financing to cover workers in NSWAs is complicated for two main reasons: misreporting of income and collection of contributions.

Because there is no long-term employment contract, there is the threat of moral hazard with income reporting. The workers in NSWAs offer their labour not only to well-established businesses, which are used to reporting to the government but also to private individuals. Low-income workers in NSWAs may prefer to refrain from reporting their activity to evade taxes or may even work in the informal economy. Workers in NSWAs may also manipulate the timing of income reporting to game the eligibility rules of the benefits scheme. For instance, an independent worker may delay a transaction to receive benefits they would not obtain otherwise.

Second, it may be harder to collect the equivalent of the employer’s share of social

contributions for a worker in NSWAs, for instance, in cases where the work is done for a private individual. Not collecting the employer’s share of contributions is not ideal because firms could substitute standard jobs with independent contracting to avoid taxes.

The alternative to contribution-based systems relies on public spending and indirect taxes, like in Australia. This approach eliminates the financial incentive for firms to rely on non-standard work to avoid contributions. However, it does not eliminate the moral hazard problem of income reporting if income matters for benefits.

Eligibility criteria Social protection schemes use two types of criteria to define benefits. For instance, unemployment insurance is more generous in many countries if a worker has a long recent employment history. Relying on employment history only may be of little help to insure workers in NSWAs against a drop in demand for their services.

The second criterion is the level of other income or wealth of the worker. Relying only on means-tested benefits does not require defining what is ‘unemployment’ for non-standard workers. However, means-tested schemes where benefits are untied to contributions break the incentives for workers to report their incomes fairly. For instance, a worker may be incentivised not to report activities to minimise income that is used to define benefits.

3 Social protection in the UK

In the UK, social protection is tied to the employment status of individuals. The three most important categories of employment status are: *employees*, *workers*, and the *self-employed*.⁵ Employees work for an employer under an employment contract. Self-employed individuals do not work under an employment contract. They provide services to clients or customers. They are responsible for reporting their income and paying taxes directly to HM Revenue and Customs. The *worker* category includes individuals who do not work under an employment contract or work directly for clients. This is, for instance, the case of casual workers, agency workers, or some zero-hours contracts. An essential feature of

⁵The remaining three categories are *employee shareholders*, *directors* and *office holders*.

this category is that there is no commitment for the worker to accept work nor for the hiring business to provide work.

Being an employee offers the highest coverage of risks. This status gives entitlement to sick pay, parental pay and leave, and severance payments. Employees pay Class 1 National Insurance Contributions (NIC), which entitle them to state pensions, the Jobseeker's Allowance (JSA), and other supports. The JSA is an unemployment benefit scheme that pays benefits for during the period individuals find a new job. These benefits can be paid alongside the Universal Credit payments.

In the absence of an employer, *self-employed* individuals do not receive any sick pay or parental pay. When they self-report their income, they pay Class 2 NIC which gives access to almost the same benefits as employees except for the JSA.

In the *worker* status, individuals are entitled to sick and parental pay only, paid by their employer. Some other employment rights, such as the minimum wage, also cover them.

The Universal Credit (UC) is the main component of the UK social protection system for working-age individuals. Individuals are eligible if their household income is below a threshold, including earning no income. UC benefits depend on current earnings and other demographic characteristics such as age and household composition. The higher the household earnings and assets, the lower the benefits.

There is an essential difference in how the Universal Credit treats the self-employed. They need to prove that self-employment is their main activity, and that this activity is organised, developed, regular and done in expectation of profit. This is called *gainful* self-employment. The self-employed, whose business is deemed *gainful*, receive benefits based on actual earnings with a twist. The twist is due to the so-called Minimum Income Floor (MIF), designed to capture hypothetical earnings on a minimum wage. The self-employed, who earn below their MIF receive UC payments as if they earned the MIF. This means the self-employed are not protected from income decreases below their MIF. However, the self-employed can be entitled to a 12-month start-up period to grow their business, during which the MIF is not applied.

Therefore, a social protection scheme covers all working-age adults in the UK. The employees are offered the broadest insurance against various types of risks. Universally imposed taxes and contributions finance the system. The workers in NSWAs might be disadvantaged by the system currently in place for two reasons. Firstly, they might not qualify for the JSA. Secondly, with their earnings being sufficiently volatile, they might be disadvantaged by the MIF rule if they are registered as self-employed.

4 The IDS scheme

Historical context The art industry has been functioning like a gig economy for a long time. Back in the Middle Ages, musicians and poets traveled from court to court across Europe. The unique precarity of the art industry and the need for a particular safety net were first acknowledged when the French government introduced the basis of the IDS scheme in 1936. The scheme was created only for the booming film industry, which relied extensively on short-term, project-based jobs. It was extended to the entire art industry, which included artists and art technicians, and integrated into the standard unemployment insurance scheme by 1967 ([UNEDIC, 2022](#)).

The scheme is defined as an exception to labour legislation in France, literally an appendix of the French law, to give access to unemployment insurance in more generous terms than the standard system. The reason for this exception is to account for the fundamentally precarious nature of work in the art industry. These workers face a higher risk of repeated periods of unemployment associated with the completion of project-based contracts like films, television shows, or live performances.

The IDS scheme has been updated and reformed since its creation. In 2003, the government scaled down the scheme by tightening the eligibility requirements and decreasing the duration of benefits. This reform sparked a wave of strikes. Art workers protesting against benefit cuts managed to shut down France’s most prestigious theater festival at Avignon, caused the culture minister’s lay-off, and threatened to cancel the Cannes film festival. Nevertheless, the government stood firm against the protests until 2016. In July 2016, a new agreement brought the eligibility rules back to before 2003. During the

COVID pandemic, many events and artistic activities were canceled. The government supported workers in the IDS scheme by extending the duration of benefits until the summer of 2021.

The scheme What makes the IDS scheme unique is that art workers are employed despite the discontinuous nature of work and thus enjoy the social benefits of employment contracts. By contrast, art workers are usually self-employed in the United Kingdom but also in the United States, Germany or Sweden. As we have elaborated, this has consequences for eligibility and the scale of support they can receive from the social protection scheme.

The French scheme enables artists and technicians to work efficiently in one job after another and smooth their income between jobs. The IDS scheme gives art workers two additional rights than French employees. First, art workers can more easily meet the eligibility criteria to obtain unemployment benefits. As of 2022, an art worker is eligible for unemployment insurance if they have worked at least 507 hours (equivalent to 3 months of 39 weekly hours) in the last 12 months.⁶ Instead, a worker in standard employment is eligible for unemployment insurance if they have worked at least 6 months in the last 24 months. Both schemes require workers to have worked at least 25% of their time in the reference period, but the reference period is only 12 months for IDS workers. Second, art workers are allowed to work under a labour contract that is more flexible for the employer than a standard fixed-term contract. Contrary to the standard contract, employers do not have to pay anything (e.g., a severance payment) at the end of the contract, and they are allowed to offer a new fixed-term contract to the same worker. This is an exception to French employment legislation.

Eligibility rules Eligibility to the IDS scheme is gained by accumulating sufficiently many hours worked in a 12-month base period. The hours worked by art workers, irrespective of them being supplied on contracts with businesses or private citizens, count towards the eligibility under certain conditions. First, art workers must work in specific sectors

⁶Between 2003 and 2016, only the last 319 days for artists and 304 days for technicians were considered instead of 12 months.

defined by the International Standard Industrial Classification (ISIC): creative, arts and entertainment activities (ISIC #90), motion pictures, video and television programme production, sound recording and music publishing activities (ISIC #59) and programming and broadcasting activities (ISIC #60). They can also be hired by non-professionals of performing arts, such as restaurants and bars, charities, or for private events (e.g. for weddings). Second, art workers must fit into one of the six hundred job occupations specified in the agreement between the workers' and employers' representatives and the government. Lastly, contracts must have a fixed term.

Benefit rules A worker enters the unemployment benefits registers after working 507 hours in the past 12 months. The level of benefits is calculated at the time of registration based on reported hours and reported earnings during the 12-month base period according to a sophisticated formula ([UNEDIC, 2022](#)). The formula differs according to whether the worker is an artist or an art technician.

If IDS claimants remain unemployed all along their claim while they receive unemployment benefits each month, their potential duration of benefits is 12 months. Art workers can still receive partial unemployment benefits if they accept a contract while on claim. In that case, the level of benefits decreases proportionally with the number of hours worked. For example, an artist (technician) receiving 1000 Euros of monthly benefits incurs a deduction of 4.3 Euros (5.8 Euros) for each hour worked. Importantly, benefits are preserved. Any deducted benefits can be paid in a subsequent month and can postpone the exhaustion date of potential benefits. Therefore, in practice, IDS claimants can receive benefits for more than 12 months if they work. Once the benefits are exhausted, eligibility is reassessed. If IDS claimants have worked 507 hours over the last 12 months, they can be entitled to a new benefit cycle, meaning at least 12 new months of benefits.

Financing As a part of the standard unemployment insurance scheme in France, the IDS scheme is funded through social contributions corresponding to a fixed share of their wages. The contribution rate is higher for art workers than for standard workers. Overall,

social contributions do not balance the expenditure on benefits. Hence, there is implicitly a public contribution to the IDS scheme.

5 The anatomy of the IDS sector

In this section, we document the key empirical facts about IDS workers in France. We do so by leveraging three data sources: a recent report prepared by the French administration, capturing the state of the IDS sector during and after the COVID-19 pandemic ([Pôle Emploi, 2022](#)), the data from the French administrative agency UNEDIC managing the benefit payments and FH-DADS, a representative random sample of all French workers (see Appendix).

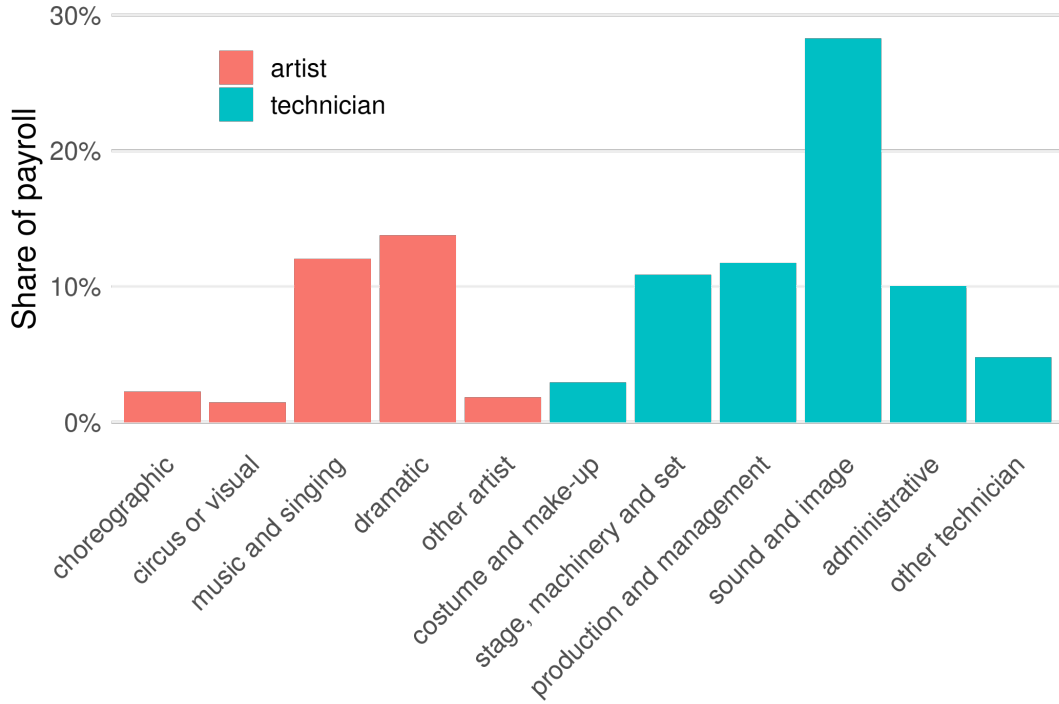
5.1 Descriptive statistics

In 2021, 286,000 workers have worked at least one hour in an IDS contract ([Pôle Emploi, 2022](#)). This represents about 1% of the labour force. They worked for 102 millions of hours and accumulated 2.4 billions Euros of payroll. Artists account for 31% of the payroll, whereas art technicians account for the remaining share. The composition of IDS workers in terms of their main occupation is plotted in Figure 2. The majority of artists are musicians and comedians. The majority of technicians are sound, lighting, video or image technicians.

Looking at employers, the sector of audiovisual media accounts for the largest part of the payroll, at 63%. The second sector is the performing arts with 31% of the payroll. Employers in the remaining share are essentially community groups (1.5%) and the public sector (1%). Private employers represent 0.2% of the total payroll of IDS workers.

In terms of benefit recipients, about 100,000 workers received unemployment benefits from the IDS scheme in 2019 ([UNEDIC, 2022](#)). Half of them are claiming benefits as artists and the other half as technicians. About 95% of claimants receive benefits while working. Benefits amount to 42% of their total income. At the exhaustion date of their benefits, a large majority of 82% is eligible for a new benefit cycle.

Figure 2: Workers' main occupation



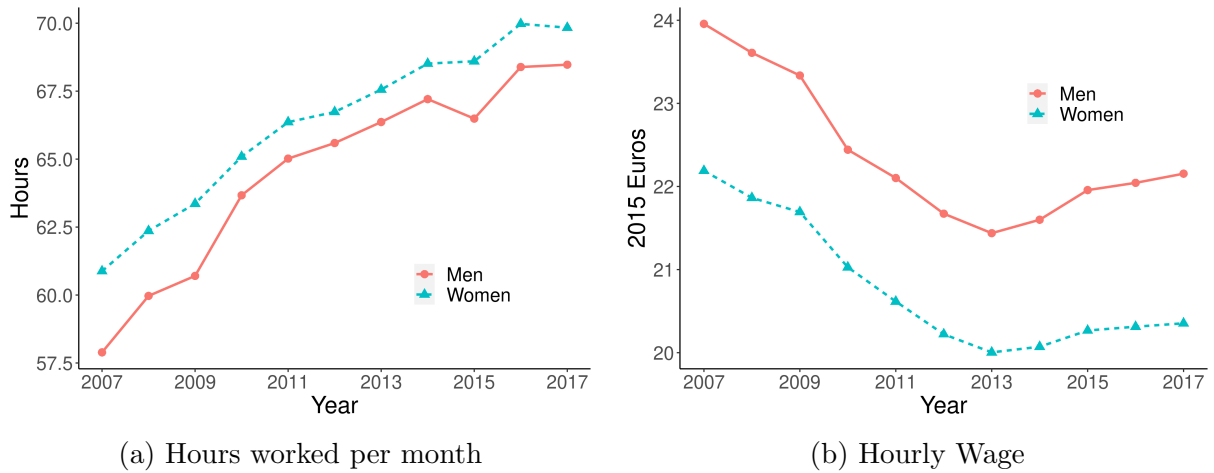
Source: [Pôle Emploi \(2022\)](#), AEM-DUS data. The sample consists of workers who work at least one hour in contracts that are accounted for in the IDS scheme in 2021.

The IDS workers can supply their labour to many employers within a short period of time, performing various tasks. This is indeed visible in the UNEDIC data, as we demonstrate on several graphs in Appendix B.1. As a first step, we identify the main employer and the main occupation for each worker in a given month, ranking employers and occupations with respect to total pay and total hours worked. On a monthly level, the main employer usually provides about 90% of pay and a similar share of hours worked. However, on an annual level, these shares drop to 70-75%. The data on main occupations paint a similar picture. The key takeaway from this analysis is that the IDS workers complement their income from the relationship with their main employer to a significant extent by engaging in work for other employers every month, and even more so, every year. Women rely on their main employers to a larger extent than men do.

Next, we turn attention to earnings and hours-worked differentials between men and women on the one hand and artists and technicians on the other. We demonstrate a persistent unconditional earnings gap between men and women on Panel (b) of Figure 3.

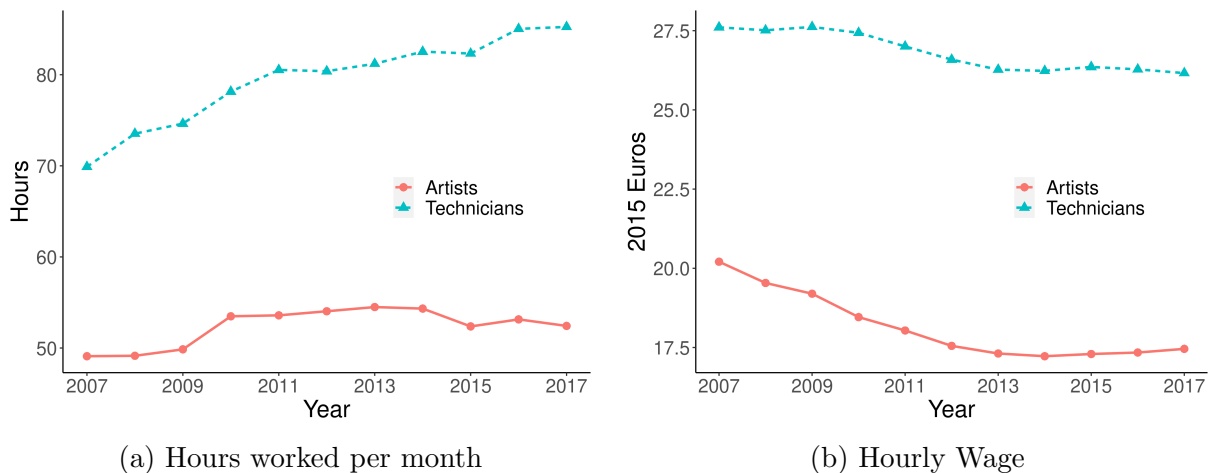
Women earn on average 10% less than men while they work about 5 to 10% more hours. Technicians earn more and work more than artists do. Interestingly, the number of contracted hours is well shy of what a full-time job working time would imply. This is an important issue: Regulations tailored to the needs of workers in the creative industry should take into account that a significant amount of time could go into preparations, and conceptual work, which is usually not the type of labour that is then contracted between the workers and their employers.

Figure 3: Trends in monthly hours worked and hourly pay (2015 prices) by gender



Source: UNEDIC 2007-2017, attached IDS workers, authors' calculations.

Figure 4: Trends in monthly hours worked and hourly pay (2015 prices) by worker type

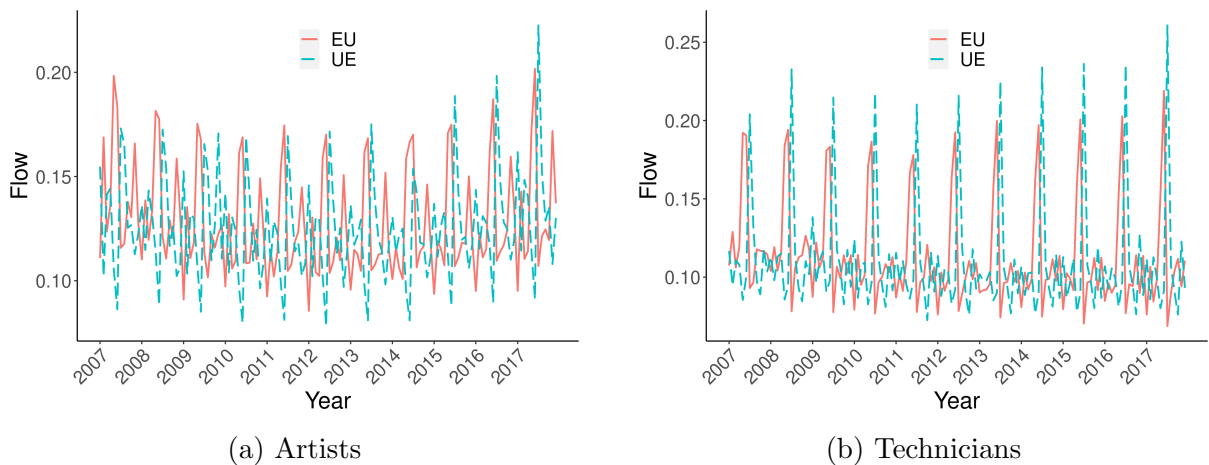


Source: UNEDIC 2007-2017, attached IDS workers, authors' calculations.

We then define a worker as *Employed* if they have worked at least one hour in a given month and *Unemployed* otherwise. We focus on observations between the first

and the last time we observe a worker supplying labour. Then, we calculate the transition rates between these two states, the employment-to-unemployment (EU) and the unemployment-to-employment (UE) rates, as shares of workers who go from one state to another in the next month. We drop the flows, which include the last time we observed a worker. We present the results of this exercise in the split into artists and technicians below in Figure 5. In both cases, there is a strong seasonal variation component (e.g., holiday months usually coincide with larger EU). Furthermore, particularly the flows from employment to unemployment are quite large, exceeding well beyond what is observed in countries with the most flexible labour markets (e.g., in the United States 2% of workers lose a job every month while the EU flow in the IDS sector fluctuates around 15% for artists and 10% for technicians). This is important because it is a metric of labour income risk on the extensive margin. These flows also demonstrate that IDS workers do not receive labour incomes quite often.

Figure 5: Labour market flows



Source: UNEDIC 2007-2017, attached IDS workers, authors' calculations.

5.2 Transitions between the IDS scheme and standard employment

Understanding how the IDS scheme is integrated into workers' careers is essential. How many workers cumulate benefits from the IDS scheme with jobs in the traditional sector? We answer this question using the FH-DADS data (see Appendix A.2 for a description).

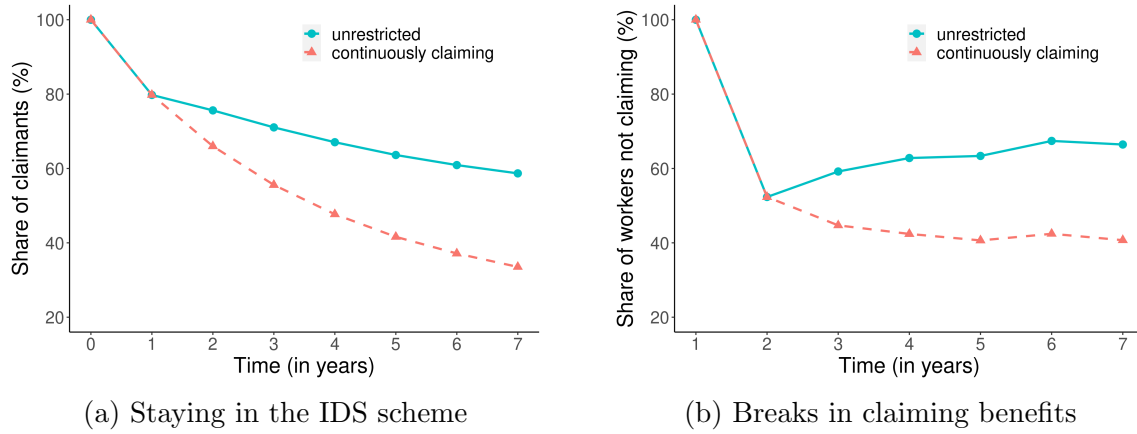
This database lets us know whether a worker has jobs outside the art industry and whether these jobs are stable. We define a worker as claiming in a given year if they receive benefits from the IDS scheme. This means such a worker had accumulated enough hours worked the year before under the IDS scheme to be eligible. In the data, among workers who had at least one job in a given year, 0.27% are IDS claimants.

To analyse further employment trajectories, we categorise a worker to be in standard employment a given year if they work in the same job for at least six months at least 20 hours a week on average. Among workers not claiming IDS benefits in a year, 66% are in standard employment. The others may have long unemployment episodes or may work only in temporary jobs. The share of claiming workers in standard employment is 9%. These workers are either leaving the IDS scheme and transitioning into standard employment careers or may have IDS contracts with the same employer.

Persistence in claiming and not claiming Panel (a) on Figure 6 shows the probability to claim IDS benefits in a given year, conditional on claiming IDS benefits in a previous year. There is a strong persistence in claiming IDS benefits. For instance, 64% of the claimants in a given year still claim benefit five years later, and 42% receive IDS benefits during the five years. Panel (b) documents the transitions out the IDS scheme. We consider claimant workers in a given year who are not claiming the year after. Two years after, 52% of these workers do not claim benefits. This is consistent with the fact that the average duration between two claims is longer than a year. After five years, 63% do not claim IDS benefits, and 30% did not receive any benefits during the five years.

Transitions into of the IDS scheme Panel (a) in Figure 7 represents the share of workers in employment among those who will obtain IDS benefits soon. In the years before claiming IDS benefits, we observed less than 20% of workers in standard employment. We also observe that many workers only have jobs after entering the IDS scheme. For instance, about half of the workers entering the IDS scheme had yet to get a job five years before. These findings are consistent with the fact that entering the art industry is a career with few connections with the labour market for standard employment.

Figure 6: Persistence into IDS scheme



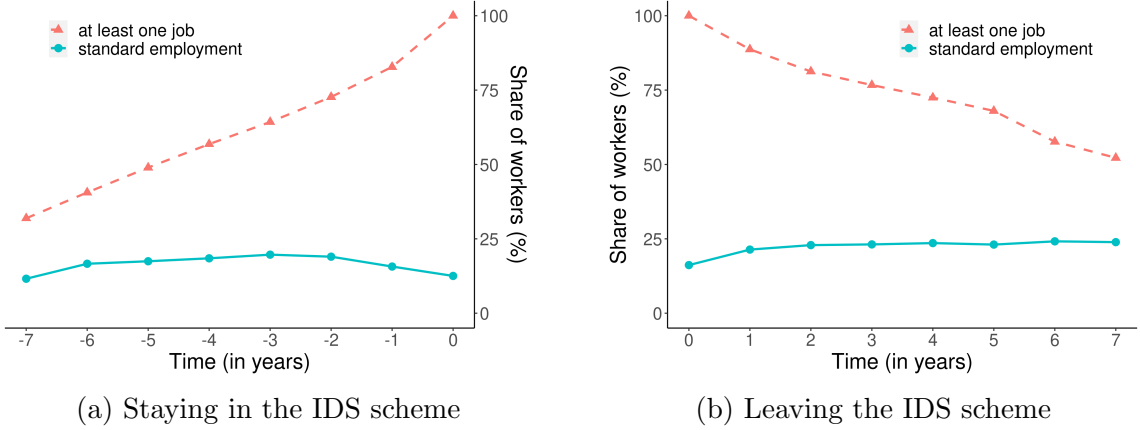
Source: FH-DADS 2005-2012, authors' calculations.

Note: On panel (a), the solid curve in blue represents the share of claimants among those who receive IDS benefits at time 0. The dashed curve in red is the share of claimants who continuously claim benefits from time 0. On panel (b), the solid curve in blue represents the share of non-claimants among those who receive benefits at time 0 but not the year after. The dashed curve in red is the share of non-claimants among those who receive benefits at time 0 but no benefits since.

Transitions out of the IDS scheme Panel (b) in Figure 7 represents the share of workers in employment among those who experienced a loss of IDS benefits in the past. In the years following the loss of IDS benefits, the share of workers in standard employment is constant at about 23%. We also observe a significant share of workers leaving the labour market. For instance, 32% of the workers who lost IDS benefits have yet to hold a job five years after. Therefore, the IDS scheme is not used as a stepping stone into standard employment careers.

Overall, this analysis emphasises the strong segmentation of the labour market between the art industry eligible to the IDS scheme on one hand, and standard employment on the other hand. Being an IDS worker in the sense of cumulating employment and benefits is a permanent situation, not a transition. Workers try to enter the IDS scheme, those who stay are there for a while.

Figure 7: Entry in and exit out of the IDS scheme



Source: FH-DADS 2005-2012, authors' calculations.

Note: On panel (a), the solid curve in blue represents the share of workers in standard employment among those who receive IDS benefits at time 0 but not the year before. The dashed curve in red is the share of workers who has at least one job in the year within this group. On panel (b), the solid curve in blue represents the share of workers in standard employment among those who receive benefits at time 0 but not the year after. The dashed curve in red is the share of workers with at least one job in the year within this group.

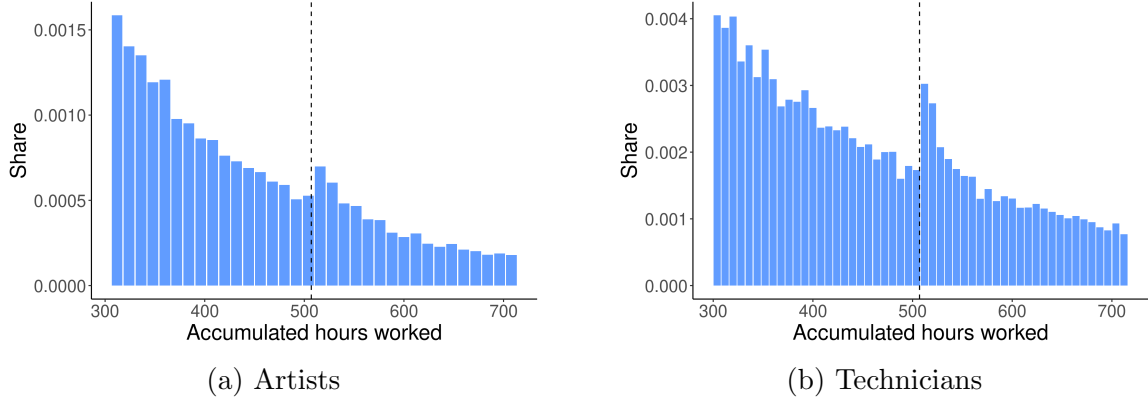
5.3 Eligibility rules and workers' behaviour

As with any insurance scheme, we should expect workers to modify their behaviour in response to the policy. For example, the traditional unemployment benefit schemes decrease the incentives for workers to exert search effort in unemployment. To a smaller extent, it also distorts the separation decisions between employed workers and their employers.

We look for evidence of the strategic behaviour of workers in response to the IDS system regulations by investigating the distribution of accumulated hours in an eligibility window on a daily frequency. In the data, most workers supply labour only in occupations that meet the legal definition of an *artist* or a *technician*. Hence, for what follows, we drop those workers who supply labour in both of these broadly-defined occupations for clarity.

The first evidence of workers' response in the distribution of hours worked over ten months is in Figure 8. For each individual, we consider all 10-month periods between January 1, 2007 and December 31, 2015 that could be used to claim IDS benefits. There is clear evidence of bunching of accumulated hours around the eligibility notch of 507 hours, the accumulated hours requirement for eligibility. This suggests that workers target this

Figure 8: Accumulated hours over 10-month windows



Source: UNEDIC 2007-2015, authors' calculations.

Note: The figures show the empirical distribution of hours worked over all 10-month periods eligible to the IDS scheme. It excludes periods with a benefit claim starting with the 10 months. The notch point at 507 hours is marked by a vertical dashed line. The 10-month periods last exactly 319 days for artists and 304 for technicians. Hours are reported on 12-hour bins for artists and 8-hour bins for technicians, which correspond to the hour conversation rate of a fee payment for each category. The distributions are plotted between 300 and 720 hours.

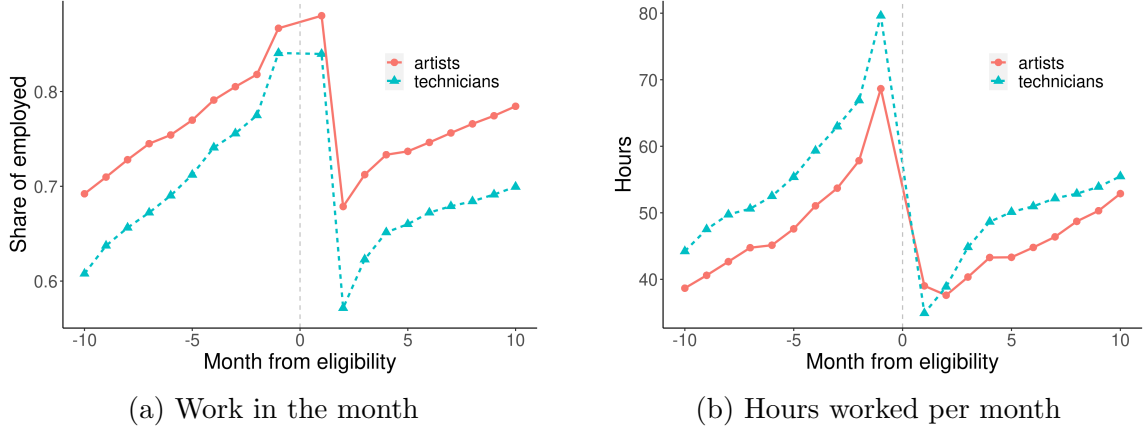
eligibility threshold when they choose their gigs.

The second piece of evidence appears when comparing labour market outcomes before and after gaining eligibility, only for those who become eligible. Figure 9 shows a cyclical pattern with a discontinuity on the eligibility day.⁷ We observe a steady increase in participation and hours worked before gaining eligibility, followed by a drop and a steady increase again. For artists, hours worked vary from 40 hours ten months before gaining eligibility to 70 just before gaining eligibility. Technicians work more, with hours varying from 45 to 80. Other outcomes are displayed in Figure 17 in the appendix. The cyclical pattern is also observed in total pay, the number of contracts, employers, and contractual days. Interestingly, hourly pay shows an opposite cyclical pattern, declining slightly before eligibility and jumping after eligibility.

Based on these findings, the IDS scheme generates benefit cycles. As workers accumulate hours worked and approach the 507-hour threshold, they have even more incentives to work to meet the threshold in ten months. Once eligible, they must start accumulating again and repeat this pattern.

⁷In Appendix B.3, we show that the cyclical pattern are not due to calendar effects by using a regression model with claims and calendar time fixed effects.

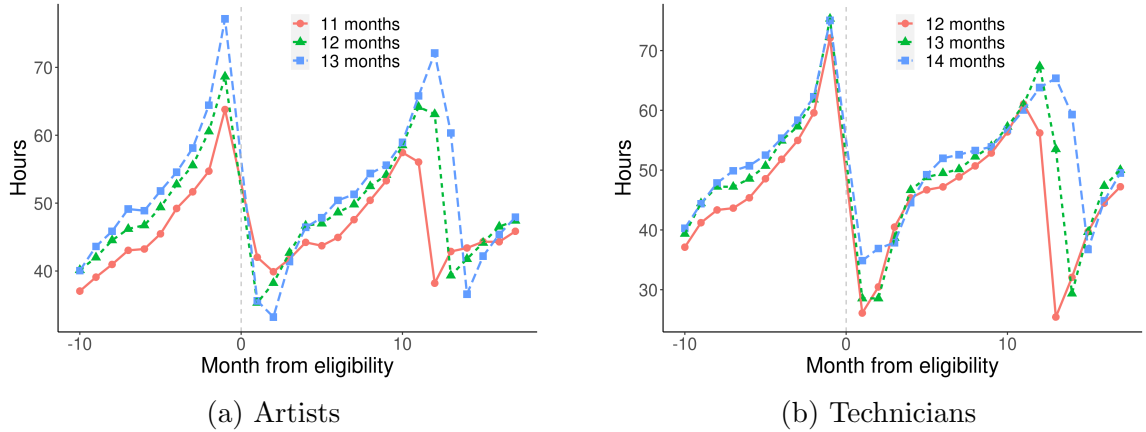
Figure 9: Work around the eligibility threshold



Source: UNEDIC 2007-2015, workers who claim IDS benefits between 2009 and 2013, authors' calculations.

Note: The Y-axis represents the share of workers who worked at least an hour (left-hand side) and the average number of hours worked (right-hand side) in the month from and to the exact eligibility date. For instance, the value in month 1 corresponds to the 30 days that follow the beginning of eligibility and month -1 corresponds to the 30 days before.

Figure 10: Hours worked around the threshold for consistent claimants



Source: UNEDIC 2007-2015, workers who claim IDS benefits between 2009 and 2013, authors' calculations.

Note: Each curve corresponds to a group of art workers whose next claim happens 11, 12, 13 or 14 months after. The Y-axis represents the average number of hours worked in the month from and to the exact eligibility date. For instance, the value in month 1 corresponds to the 30 days that follow the beginning of eligibility and month -1 corresponds to the 30 days before.

The cycles are even more visible when looking at workers claiming benefits consistently. 88% of artists and 72% of technicians are eligible to another claim with a year and a half. Among them, the median gap between the two claims is 11 months for artists and 12 months for technicians. Figure 10 shows the cyclical pattern for workers with a given gap between claims. The pattern is less visible for workers who have a larger gap in claims, as shown in Figure 18 in the appendix.

The benefit cycles are consistent with standard job search theory (Krueger and Meyer, 2002). Workers have incentives to work more hours as they get closer to the threshold to become entitled to benefits. This is the entitlement effect. In addition, workers have diminished incentives to look for gigs once they turn eligible, which is the traditional moral hazard of unemployment insurance.

6 Lessons and recommendations

This section provides a comprehensive summary of the IDS scheme’s essential features, accentuating its benefits and limitations. We make recommendations to inspire new social protection schemes for NSWAs.

A scheme for particular self-employed workers The IDS scheme is built upon the standard social protection scheme that is attached to employment status. The striking feature of the IDS scheme is that artists and technicians, while acting like free-lancers, also have employee status and, therefore, are entitled to similar rights and benefits. This approach offers workers all the advantages of employment status, not only regarding rights to benefits. For instance, workers can be unionised, and collective agreements can be in place to fix minimum wages. Hence, the IDS system closes the protection gap for, effectively self-employed, workers in the art industry. For the regulators, expanding the employment category facilitates the control and implementation of labour laws. This approach was adopted by countries that reclassified certain platform workers as employees and platform firms as their employers.

The IDS scheme is only partially integrated with the standard scheme, especially

regarding the portability of benefits. For instance, if an artist decides to leave the IDS sector for a standard job, then they will lose the benefits they have accumulated. In other words, benefits are not portable from one scheme to the other. Non-portability of benefits makes sense in the case of the art industry because one would expect very few transitions from the art industry to the traditional sector (see Section 5.2). However, non-portability is a vital constraint when considering social protection for NSWAs. For instance, if workers use NSWAs as a stepping stone to enter the labour market and search for stable standard jobs, it would be crucial to make the benefits portable.

Before the recent expansion of the NSWAs, the art sector was already a gig economy. NSWAs are an essential element of the nature of work in this sector, where, for instance, jobs are very short-lived. Therefore, there is limited substitution between NSWAs and standard employment for employers.⁸ We also see few transitions between the art sector and the rest of the economy. If generalised or applied to a different sector, such a scheme could foster inefficient casualisation of work, creating NSWAs at the expense of stable standard employment. It could displace workers from the regular market to a gig economy of less stable jobs. Note also that the IDS scheme is not made to help businesses grow. An IDS-inspired scheme would be ill-suited in sectors where solo self-employment is just a transitory step to grow into a company with several employees.

Recommendation 1 *The protection gap can and should be closed in specific sectors of the economy. The distinct features of such sectors are: i) working in them is naturally and heavily tilted towards NSWAs, ii) there is limited substitution between NSWAs and standard employment. Hence, a new social protection scheme for NSWAs could involve sector-specific regulations.*

In the UK context, implementing this recommendation could involve the treatment of income from self-employment in specific sectors of the economy on par with employees' wages. We have also established that periods of no income often happen to IDS workers. The current UK regulations, in particular the Minimum Income Floor coupled with the

⁸There is still a subset of IDS workers who are economically dependent on one employer. Such a relationship could be close standard employment.

monthly frequency of calculation of the benefit level, put at a disadvantage workers whose income is volatile on an extensive margin (that is, whether a person manages to work in a given month or not at all). At the same time, the threat of income under-reporting has to be acknowledged as a reasonable justification for MIF-style solutions.

Incentives to join the scheme The IDS scheme is mandatory for art workers because they are automatically enrolled when they sign the employment contract. When schemes are mandatory, there is always the risk that workers misreport their incomes or work informally without any employment contract.⁹ The art industry is particularly exposed to the threat of informality. For very short gigs or jobs, an employer could pay the workers cash without signing any formal contract.

The IDS scheme is very generous. Therefore, workers are incentivised to join the scheme and report their income transparently. If a worker chooses not to report a particular gig, this gig will not be accounted for to assess the future eligibility for benefits. The prospect of benefits is high enough to compensate for the potential costs of reporting income, especially social contributions. As a result, the scheme eliminates the informal and unregulated economy of the gigs.

Providing benefits under the IDS scheme is more a workfare than a welfare policy. Effectively, this is not different from a subsidy for working a certain number of hours worked every year. In that sense, the IDS benefits are closer to the JSA, a workfare policy encouraging workers to find a job, than the Universal Credit in the UK context.

Social contributions paid by art workers and their employers amount to less than the amount of benefits received by art workers ([UNEDIC, 2022](#)). In other words, there is a public contribution to the scheme, and indirectly all taxpayers finance the IDS scheme in France. From an economic perspective, such public expenditures can be motivated by positive spillovers. In the case of the IDS scheme, the positive spillovers are the public value that arts create and eliminating the informal economy.

When implementing an inspired scheme for NSWAs in other sectors, a similar case

⁹An alternative is a voluntary scheme like in Austria and Sweden ([OECD, 2018](#)). Workers choose by themselves to pay contributions and receive social protection. However, voluntary systems are exposed to adverse selection in the sense that only workers with high risks join the scheme.

could be made if casual jobs were to serve as stepping stones to enter stable forms of employment. The stepping-stone effect would have to be supported by evidence, as the substitution effect that fosters casualisation may go in the opposite direction in generating negative spillovers.

Recommendation 2 *The generosity of protection offered to NSWAs depends on three factors: the threat of informality, the stepping-stone effect, and the casualisation effect. These effects should be quantified.*

Rules transparency and ‘homo economicus’ The eligibility rules to gain benefits are well-known by artists and technicians, as can be inferred from labour supply choices of workers (see Section 5.3). The public employment agency is also well-informed and so can advise workers about the payment of benefits. The good diffusion of information contributes to the high take-up rate of benefits for IDS workers.

The take-up of benefits concerns most benefit policies, including the Universal Credit and the JSA (Geiger et al., 2021). Individuals eligible for the policy may need to be made aware of the policy or fear the stigma. This is not the case with the IDS scheme. Workers are fully mindful of the existence of the IDS scheme. When choosing a career in the art industry, they likely anticipate that the benefits are parts of the profession. The simplicity of the eligibility rules contributes to making the system simple and predictable for workers. Workers simply have to count their hours worked in the eligibility period. No restrictions are based on more extended employment history like in the standard unemployment benefits scheme.

With these simple eligibility rules, we observe behaviours in terms of job search that is strongly consistent with theory. Workers accept more jobs as they get closer to accumulating enough hours to gain eligibility and accept fewer jobs after. This phenomenon generates individual cycles in activity. This ‘homo economicus’ response following theory is suitable for prediction. Policymakers can anticipate the cost of the policy and better fix critical parameters such as the contribution rates.

The eligibility rules of the IDS scheme only consider hours worked. One problem with hours worked is that they are less easily verifiable than wages for the benefit provider. The scheme, therefore, may create incentives to cheat or collude with employers to report an arbitrary number of hours. For instance, a worker close to the 507-hour threshold may want to incur a wage loss if the employer could report more hours on the contract, a deal that would be beneficial to the employer too. Evidence of such collusion behaviours would require further investigation to be confirmed in the IDS sector. To eliminate this risk of collusion, eligibility could be based upon total pay over the eligibility window. In addition, the benefits rules follow a complex formula that may cause incentives to collude in an unknown way.

Recommendation 3 *The eligibility and benefit rules should not create incentives to misreport hours worked and pay. There should be no gains to collude between employers and workers.*

7 Conclusions

This report proposes to look at the French IDS scheme in the light of the current need for social protection for the gig economy. We first describe the landscape of existing social safety nets for non-standard work arrangements adopted in different countries and in the UK. Then, we study two dimensions of the IDS scheme in France using high-quality data on art workers, how careers in this gig economy differ from traditional careers and how the IDS benefit scheme affect workers' behaviour. We draw the attention of policymakers to three points in the design of social protection inspired by the French IDS scheme. The three recommendations relate to the scope of the new scheme, its generosity and the incentives created by the scheme.

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A Data description

A.1 NSWAs in the UK

We use data from the Quarterly Labour Force Survey in 2022 to compute the distribution of NSWAs in the UK. We consider individuals in working age, between 16 and 64, who reported either that they did paid work in the reference week, or that they were temporarily away from paid work. We use the sample weights to compute the distribution of NSWAs.

A worker is into non-tripartite employment if they are employee, not paid by another organisation than where the work is done, and not an agency worker. We then divide non-tripartite employment into three groups: permanent full-time, permanent part-time and temporary or on-call workers. A worker is assigned to temporary or on-call employment if their main job is temporary or if they report to be on a zero-hour contract or on-call. A worker who is not in one of these three groups is defined as a business owner with employees if they report having employees or a solo worker if they do not. Thus, solo workers is a broad category that includes tripartite employment, independent contractors, agency workers and solo self-employed.

A.2 FH-DADS

The FH-DADS dataset is a combination of linked employer-employee data about employment contracts with data on unemployment benefits from the French employment agency. The dataset covers a large representative subset of French workers. It can therefore be analysed to describe transitions between standard employment and the IDS scheme. However, it is only possible to identify workers who have received benefits from the IDS scheme, but from the employment contracts. This dataset is less precise to identify IDS workers who are not eligible for IDS benefits.

We select observations from 2005 to 2012, for which we have information the type of contracts. We annualise the data to assign the status of IDS claimants and non-claimants depending on whether they receive IDS benefits in the year. We trim observations using a

cap of 3000 hours worked per year and 1,000,000 Euros (2012 Euros). The panel consists in 18,223,227 annual observations of 3,356,58 individuals.

A.3 UNEDIC data

The UNEDIC database has been analysed as part of H  l  ne Benghalem’s PhD dissertation. It covers the universe of contracts eligible for the IDS scheme, combined with information on eligibility and claims. The empirical analysis is based on administrative datasets on employment records for the whole population of art workers in France. These data are collected by the French public employment agency (UNEDIC and P  le Emploi). The amount of labour supply provided by art workers is either reported in terms of wages and hours worked (like workers in any common labour force survey), or as a fee payments without hours reported. In the IDS eligibility rules, a fee is equivalent to accumulating 12 hours of work when the contract duration is less than 5 days, and 8 hours otherwise. In practice, we observe artists in the first type of fee contracts and technicians in the second type.

We clean the data in the following steps. First, we focus on individuals at least 18 years old and no older than 62 years. Next, we remove any observations with pay or contracted hours missing or equal to zero. Furthermore, we remove observations with the contract end date being before the contract start date (implying a negative number of days). Finally, we then only keep data for years 2007-2017, for which we have information on all IDS workers.

Continuing, we focus on workers with sufficient attachment to the creative sector. We therefore look into the number of months a worker is seen working on at least one contract and also on the status of ever claiming IDS benefits. On Figure 11, we plot the distribution of the number of months a worker is in the data, meaning they work at least one contract in a month. We also plot the share of workers who manage to become eligible for IDS benefits at least once as a function of months worked. Many workers in the data are barely engaging in IDS work. Above 40% of workers are only seen in one month in the data. The likelihood of ever becoming eligible for IDS benefits increases with attachment.

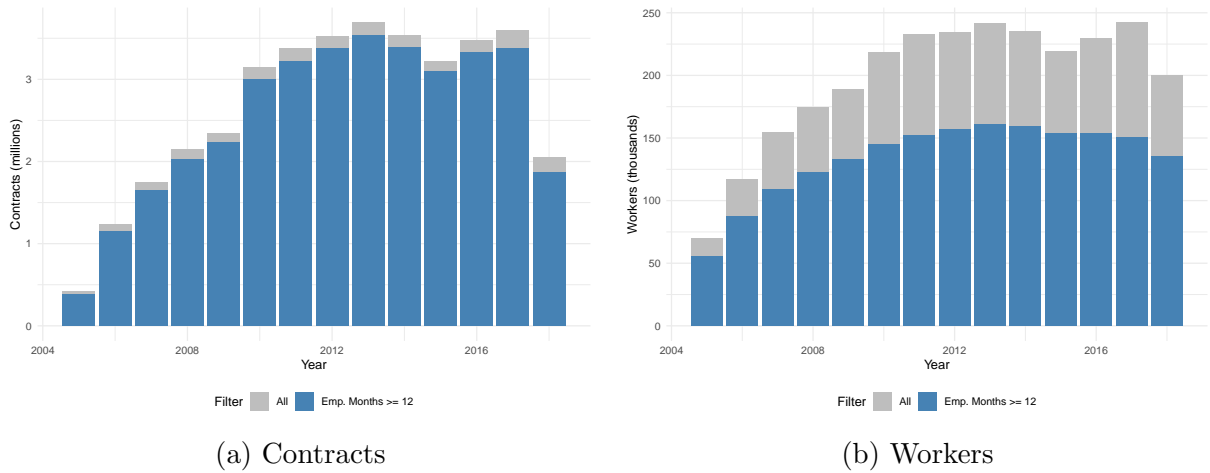
Figure 11: Attachment



Source: UNEDIC 2007-2017, authors' calculations.

For Section 5.1, we focus on a sample of *attached* IDS workers, those who supplied work in the IDS sector in at least 12 different months (need not be consecutive). While this significantly reduces the number of distinct workers in the data, it does very little to decrease the number of contracts we observe, see Figure 12.

Figure 12: Data coverage over time and attachment-based trimming



Source: UNEDIC 2007-2017, authors' calculations.

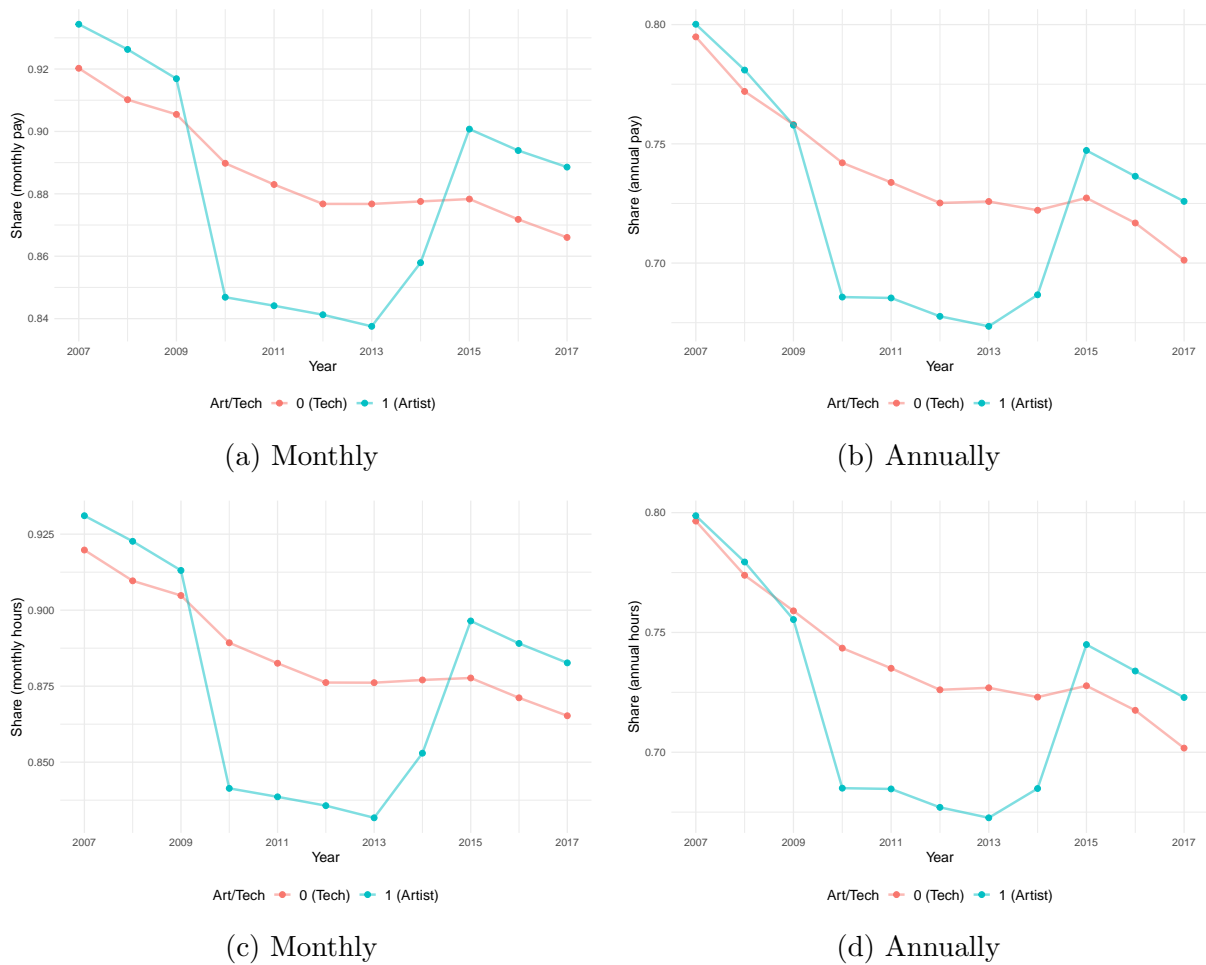
The distributions of hours worked and contract days feature outliers in the right part of the distribution. Because of that, we drop observations in the top 0.1% of contract hours, contract days, hourly wage and total pay distributions. The latter two also feature extreme observations in the left tail. For example, the first percentile of hourly wage

distribution is at 6.44 euro (in 2015 prices) which is likely too low. Because of that, we drop the bottom 1% of total pay and hourly wage distributions.

B Additional Plots and Tables

B.1 Descriptive Statistics

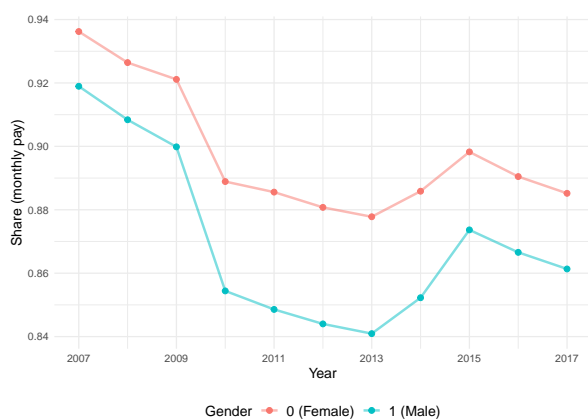
Figure 13: Importance of the main employer: artists vs technicians



Source: UNEDIC 2007-2017, attached IDS workers, authors' calculations.

Note: The curves show how much the main employer captures in terms of pay and hours.

Figure 14: Importance of the main employer: men vs women



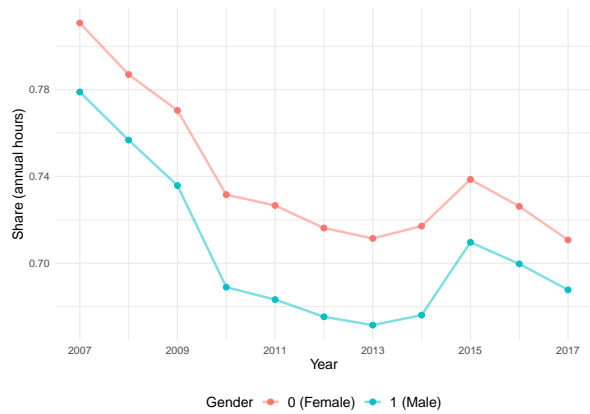
(a) Monthly



(b) Annually



(c) Monthly

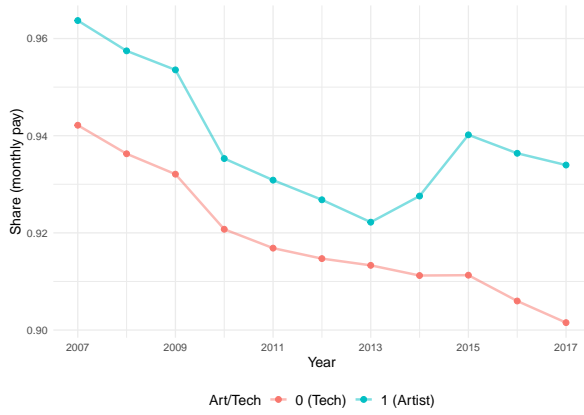


(d) Annually

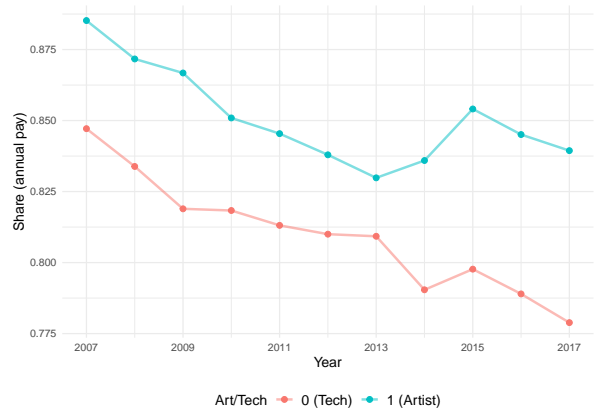
Source: UNEDIC 2007-2017, attached IDS workers, authors' calculations.

Note: The curves show how much the main employer captures in terms of pay and hours.

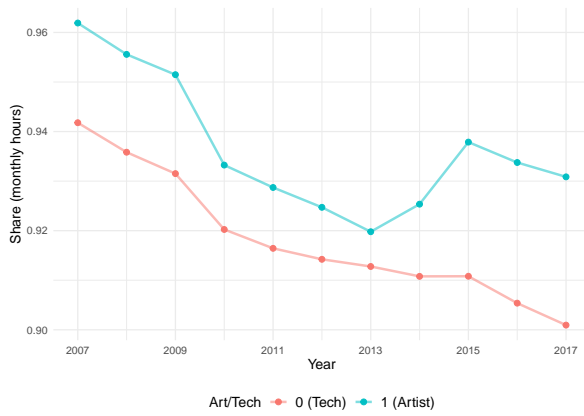
Figure 15: Importance of the main occupation: artists vs technicians



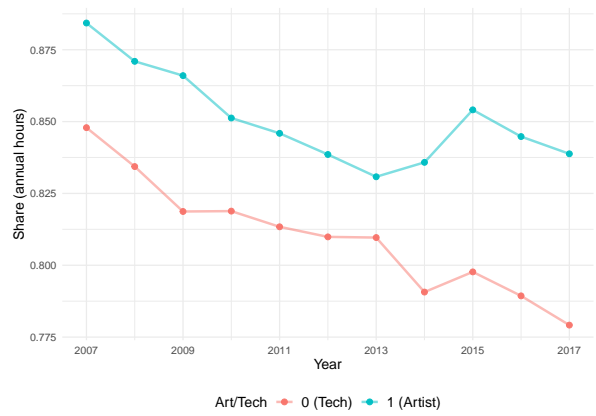
(a) Monthly



(b) Annually



(c) Monthly

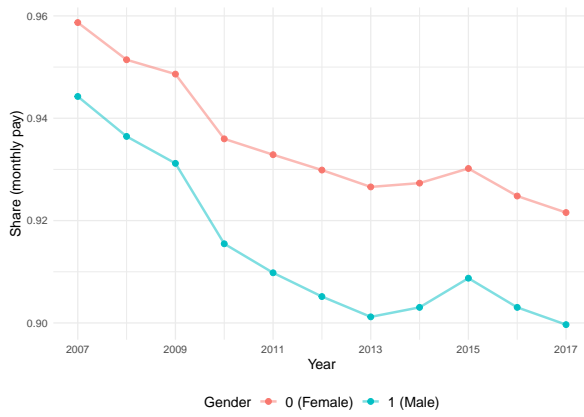


(d) Annually

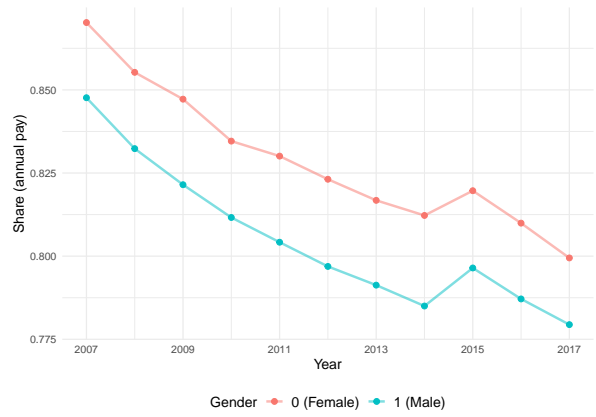
Source: UNEDIC 2007-2017, attached IDS workers, authors' calculations.

Note: The curves show how much the main occupation captures in terms of pay and hours.

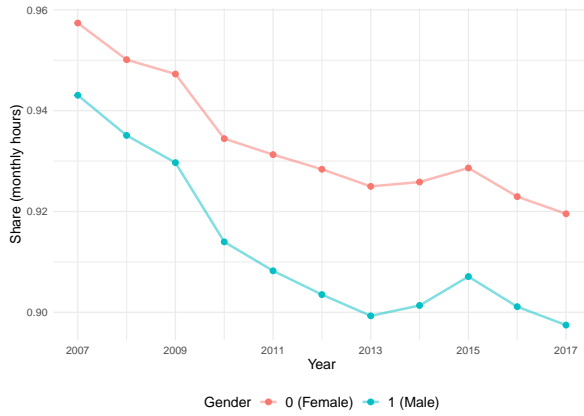
Figure 16: Importance of the main occupation: men vs women



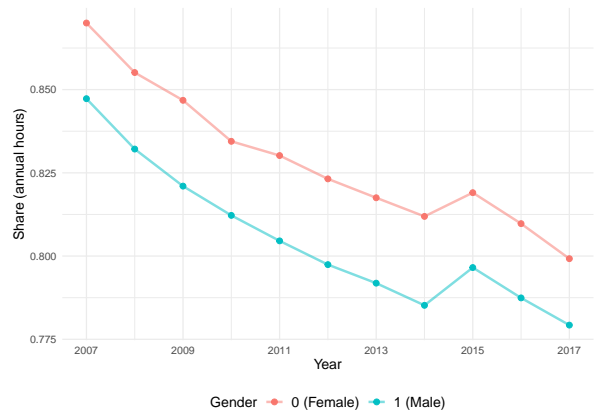
(a) Monthly



(b) Annually



(c) Monthly



(d) Annually

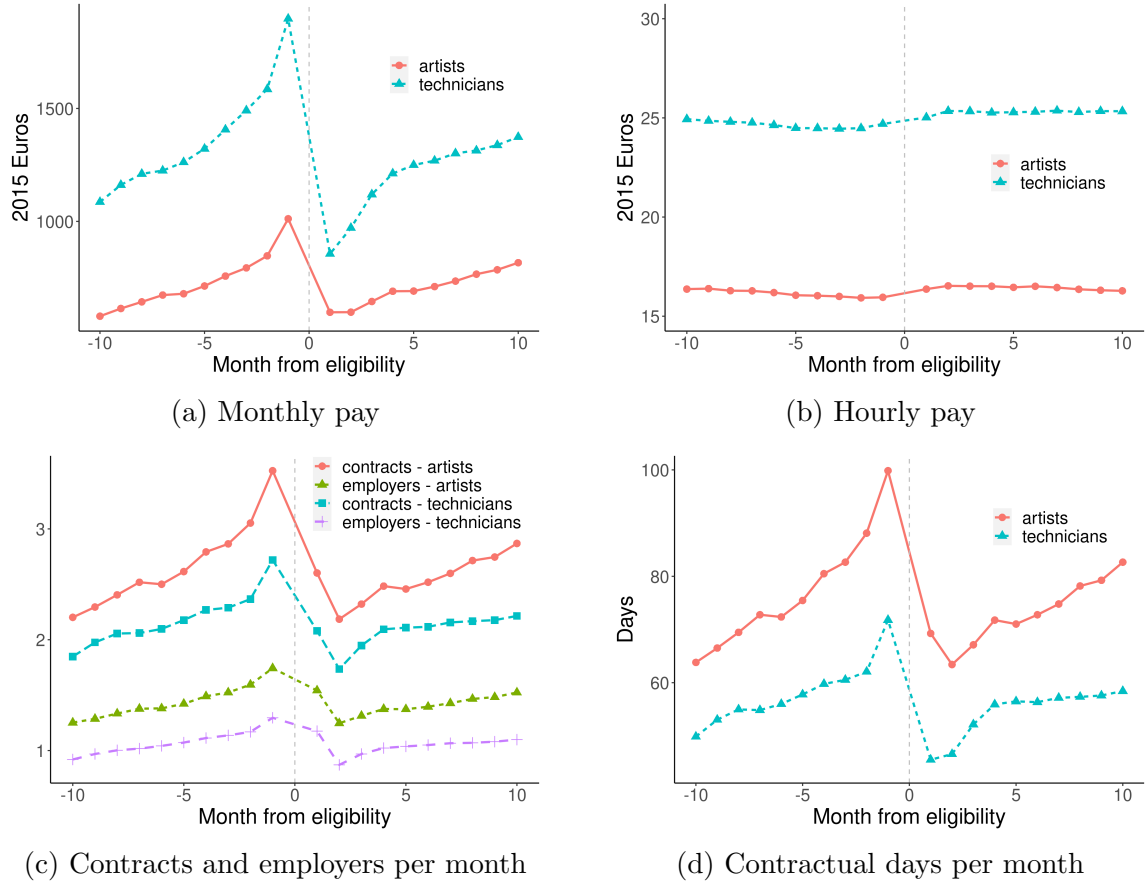
Source: UNEDIC 2007-2017, attached IDS workers, authors' calculations.

Note: The curves show how much the main occupation captures in terms of pay and hours.

B.2 Eligibility and Behaviour

In this section we present data on the impact of eligibility threshold on other outcomes of interest.

Figure 17: Other outcomes around the threshold



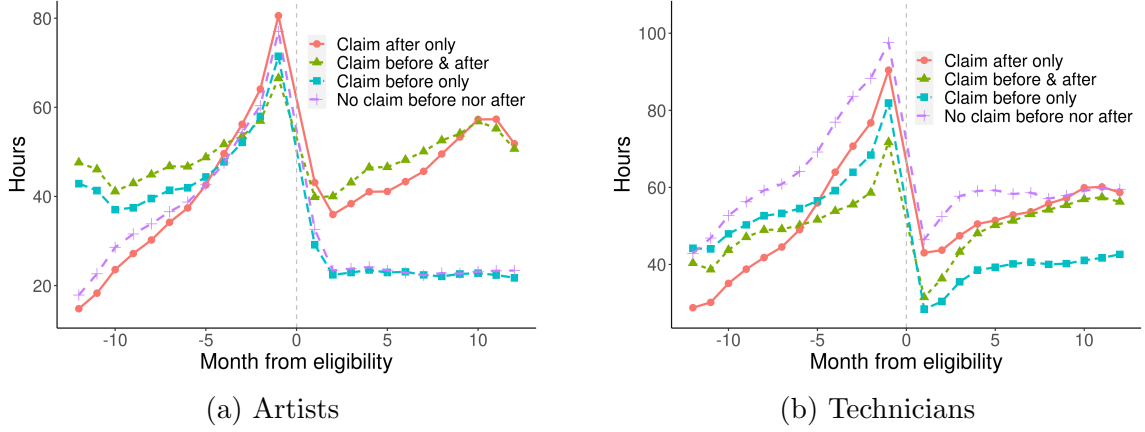
(c) Contracts and employers per month

(d) Contractual days per month

Source: UNEDIC 2007-2015, workers who claim IDS benefits between 2009 and 2013, authors' calculations.

Note: The Y-axis represents different monthly outcomes. For instance, the value in month 1 corresponds to the 30 days that follow the beginning of eligibility and month -1 corresponds to the 30 days before.

Figure 18: Hours worked and eligibility before and after



Source: UNEDIC 2007-2015, workers who claim IDS benefits between 2009 and 2013, authors' calculations.

Note: Each curve corresponds to a group of art workers depending on whether the previous and next claim happens within 1.5 years. Claims occurring before or after 1.5 years are omitted. The Y-axis represents the average number of hours worked in the month from and to the exact eligibility date. For instance, the value in month 1 corresponds to the 30 days that follow the beginning of eligibility and month -1 corresponds to the 30 days before.

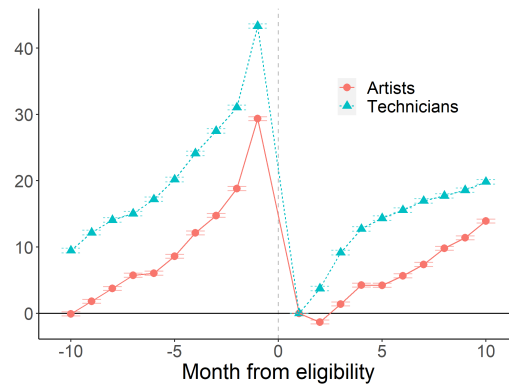
B.3 Regression model

Let Y_{ct} denote the value of the outcome variable relative to IDS claim c at time t . Denote T_c the time of eligibility gain. We estimate the following model

$$Y_{ct} = \sum_{k=-10, k \neq 0}^{10} \theta_k \mathbf{1}_{t=T_c+k} + \text{FE}_c + \text{Year}_t + \text{Month}_t + \varepsilon_{ct}, \quad (1)$$

with claim fixed effect FE_c , calendar year Year_t and calendar month Month_t . We use $k = 1$ as the reference category so that $\theta_1 = 0$. The coefficients θ_k capture the benefit cycle abstracting from seasonality effect. For example, April and June are busier than December and January in the art industry. Figure 19 plots the estimates of θ_k . The dynamics of hours worked is very similar to those in Figure 9b. Hours worked per month drop by 30 hours for artists and 40 for technicians after gaining eligibility.

Figure 19: Estimated coefficients of the benefit cycles



Source: UNEDIC 2007-2015, workers who claim IDS benefits between 2009 and 2013, authors' calculations.

Note: The Y-axis represents the share of workers who worked at least an hour (left-hand side) and the average number of hours worked (right-hand side) in the month from and to the exact eligibility date. For instance, the value in month 1 corresponds to the 30 days that follow the beginning of eligibility and month -1 corresponds to the 30 days before.



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