



Study on social policy effects resulting from the scope of application of the European framework agreement on the prevention of health risks in the hairdressing sector

DG Employment, Social Affairs and Inclusion

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Executive Summary

1 Introduction: Purpose of the Study and Policy Background

This document provides an Executive Summary of the findings of the study on 'Social policy effects resulting from the scope of application of the European framework agreement on the prevention of health risks in the hairdressing sector', VC/2010/1032.

The study relates to the implementation of a draft framework agreement negotiated by the European social partners in the personal services sectoral committee, Coiffure EU and Uni Europa regarding the "Prevention of Health Risk in the Hairdressing sector".

In Part 3, Clause 1 on the implementation of the draft agreement, the social partners call on the European Commission *"to present the framework agreement to the Council for a decision, so that the agreement becomes binding in the Member States of the European Union"*. The agreement was negotiated under the assumption that it would be binding throughout the EU and apply to all hairdressers. Finalisation and ratification of the agreement is still pending.

This study aims to inform the social partners' and the Commission's evaluation of whether it is necessary to include self-employed persons in the scope of the agreement, and which types of self-employed persons should be included. This is important from a Treaty perspective, as provision relating to the improvement of the working environment to protect workers' health and safety, which the EU (and the social partners) can make according to the Treaty (Article 153) specifically refers to "workers" only¹. Having said that, other pieces of EU legislation adopted by the Council, which affect workers in the maritime transport and construction sectors, self-employed workers working alongside employees in the same place of work are, to various extents, covered by the same regulations in order to ensure the effective implementation of the legislation and its health and safety objectives. It could therefore be argued that this also applies to certain workers in the hairdressing sector (e.g. so called "chair renters" who are self-employed workers working in salons alongside employers and their dependent employees). Although social partner negotiations are exempt from the formal obligation to conduct impact assessments as they are seen to take such impacts into account implicitly in the negotiation process, it was therefore considered important to assess in particular the social policy consequences of different options for the scope of the social partner agreement and its implementation. Options being considered include:

- The agreement covers only employers and their (dependent) workers in the sector;
- The agreement covers in addition self-employed hairdressers working together with (dependent) workers and/or employers in the same workplace;
- It additionally covers self-employed hairdressers operating their own salons from a fixed location that do not have dependent employees;
- It also additionally covers mobile hairdressers (however, in this case, part of the agreement relating to fixed infrastructure and furnishings of a hairdressing salon would not apply).

The main impacts to be assessed were as follows:

- Implications for the overall social policy goals of the EU – for example, would the application of certain options crowd people out from dependent employment into less protected forms of self-employment or even into undeclared labour, with potentially negative social consequences;

¹ Article 153 of TFEU refers to "workers" except in relation to Art 153(b) on working conditions.

- Possibility of distortion of competition in the hairdressing sector;
- Increase in accidents and health issues in those parts of the hairdressing sector not covered by the agreement, which would not be outweighed by improvements in those parts of the sector where the agreement's provisions apply. The net effects on occupational health and social security systems could therefore be negative;
- Impact on training provisions (e.g. it could act as a disincentive to self-employed owners taking on trainees if it meant they would then be covered by the agreement), thus also increasing the threshold to becoming an employer;
- Impact on consumer perception of this profession if, for instance, hairdressers in certain sectors have to wear gloves when dying or washing hair, when this is not compulsory for other segments of the sector, namely self-employed hairdressers? What would different implementation options mean for consumer behaviour in general?
- The issue of representativeness of EU social partners for self-employed individuals: In some countries self-employed are members of employers' organisations, in others they are members of trade unions, or there may be members of other organisations. This raises the question of the "legitimacy" for these EU level social partners to legislate on their behalf².

These factors were examined through a review of the sector in eight EU countries: Denmark, France, Germany, Hungary, Italy, the Netherlands, Slovenia and the UK.

² In 1996, the European Court of Justice (case T-135/96) ruled that the parental leave agreement negotiated between BusinessEurope (then UNICE), ETUC and CEEP was binding despite the fact that UEAPME, the representative organisation of small businesses at EU level, was not involved in the negotiations.

2 Methodology and approach

Although social partner agreements and legislation implementing them according to Article 155 (2) of the TFEU are not subject to the full impact assessment procedure, as indicated above, this study adopted a method based on key elements of the European Commission's Impact Assessment Guidelines³, in particular those aimed at assessing social impacts in relation to employment and the labour market, standards and rights related to job quality, social inclusion and protection of particular groups, equal treatment and opportunities and non-discrimination, social protection, health, social security and educational systems and public health and safety.

Quantitative as well as qualitative information was gathered for this study, as it was clear from the inception phase of the study that quantitative data sources on the sector quickly come up against their limitations. Information collection included a review of national and transnational data and literature, as well as interviews with (60) key stakeholders at Member State level. With regard to data availability, it is important to note that significantly more statistical information regarding the economic structure, employment and health and safety situation in the sector is available for some countries and therefore it is not possible to present the same level/quality of information for all countries.

For most countries the level of information available regarding the breakdown of different kinds of self-employment is very poor, with most countries not holding official statistics (or even unofficial estimations) of the number of chair renters or mobile hairdressers in particular. These shortcomings in the data influenced the level analysis which was possible, particularly with regard to the impact of health and safety legislation on different types of employment in the sector.

The most significant challenge was the absence of comparable data on accidents and work related ill-health, and in particular the complete lack of disaggregated data for different segments of the sector (e.g. employees, different types of self-employed workers). In relation to this, key stakeholders were not even able to provide anecdotal evidence in most countries.

³ Commission Impact Assessment Guidelines (January 2009), [Guidance for Assessing Social Impacts within the Commission Impact Assessment System](#)

3 Baseline situation of economic, labour market and health and safety trends in the hairdressing sector

3.1 Economic structure of the sector

The eight study countries have just over 328,000 hairdressing establishments. The economic structure of the sector is dominated by small establishments with limited turnover. On the whole around up to two thirds of all hairdressing businesses (61.8%) in the eight study countries are salons run by self-employed owner-operators without employees. This domination of the sector by owner-operates is particularly evidence in Hungary and Italy, where such businesses account for the vast majority of the sector.

On the whole, the sector has seen significant growth in the number of businesses over the past ten years (between 5.6% and 48.6%) mainly due to increases in the number of owner-operated businesses without dependent employees. Denmark is the only country which witnessed a decline in the number of businesses and the Italian hairdressing sector has not seen significant changes in the structure or number of businesses. The economic crisis has affected hairdressing businesses, as a result of clients increasing the period of time between appointments.

In addition to increases in the number of owner-operated salons, there has been an increase in the number of larger hairdressing businesses (chains and franchises), while medium-sized hairdressing businesses are losing market share. On the whole, the share of franchises and chain salons in the sector remains relatively limited.

There is a dearth of data relating to the incidence of chair renting and mobile hairdressing in the majority of countries. Chair renting appears most prevalent in the UK (although clear data is not available) and shows a moderately growing trend in other countries. It is not allowed in Denmark and Italy, although last year some trade unions in Italy proposed to pilot chair renting as a new form of employment in the sector but an agreement is yet to be reached. Mobile hairdressing is considered illegal in Slovenia. In Italy, it is not legal to be a mobile hairdresser, but hairdressing services can be provided in places of rehabilitation/cure or in a place designated by the client (if the hairdresser has a registered place of business).

Mobile hairdressers make up 23% of employment in the sector in the Netherlands and 6.4% in France. In Germany, no precise data are available, but mobile hairdressing is a growing phenomenon, with the German sectoral employers' organisation estimating that it reached close to 10% of self-employment in the sector. As a result of demographic and other socio-economic trends it is a growing phenomenon in these and other countries (where the practice is recognised). Not all mobile hairdressers are self-employed with some, particularly in France, having the status of employees.

Limited evidence available on pricing structures appears to indicate that salons run by owner managers charge lower prices.

3.2 Labour market trends in the sector

The hairdressing sector workforce typically accounts for 0.4%-0.8% of total employment in the country.

Self-employment is far more common in the hairdressing sector than in the economy as a whole. The self-employed make up a particularly high share of the sectoral workforce in Hungary. Most countries have seen an increase in the share of the self-employed in the total workforce.

The workforce in the sector is young, is dominated by female workers and is characterised by high levels of part-time employment. As many as nine out of ten workers in the sector are female, with Italy being the only study country with a more evenly balanced workforce; male hairdressers make up 40% of all hairdressers. The share of part-time workers from all workers varies from the high of the Netherlands (70%) to the low of around 10% in Hungary and Slovenia.

There is a high level of staff turnover in the sector with low wages being one important contributing factor. Health and safety conditions in the sector are also mentioned as a cause for leaving.

Undeclared work is seen by many as one of the most significant challenges facing the sector, presenting issues for consumers, businesses operating in the formal economy and individual workers.

3.3 National health and safety legislation and occupational health and safety situation in the hairdressing sector

3.3.1 Coverage and content of health and safety regulation

In order to establish the potential impact of different implementation options regarding the scope of coverage of the framework agreement on the prevention of health risks in the hairdressing sector, it is important to know the extent to which the provisions of the framework agreement differ from what is currently provided in health and safety legislation at national level and who is covered by this legislation.

All countries under study have implemented EU level framework legislation on health and safety and the cosmetics directive. Denmark and Hungary have no additional sector specific regulations. Germany has additional detailed sector specific regulations which closely mirror the provisions of the European framework agreement. Slovenia also has more detailed national regulations. France has more detailed additional regulations and collective agreements, Italy has more detailed regulation on the sector at municipal level and the Netherlands have detailed collective agreements on health and safety issues applying to the sector.

It is important to note that all countries with the exception of Hungary and the Netherlands cover all individuals active in the sector with the current health and safety regulation. France has different provisions applying to dependent employees and to certain categories of self-employed workers (see also Figure 3.1 below).

Also significant for the assessment was the finding that stakeholders in all study countries argue that current health and safety provisions already closely reflect the provisions of the European framework agreement, with some exceptions (for example in relation to rotation between wet and dry work and the use of certain substances in France). However, as indicated above, in some countries such as the UK, Hungary and Slovenia these provisions are rather general (requirement for risk assessment) whereas in other countries they are very detailed, thus making it more difficult to assess the extent to which existing provisions cover the requirements of the draft framework agreement.

3.3.2 Provisions relating to occupational health insurance

As indicated above, the application of different implementation options for the coverage of the European framework agreement could potentially have the impact of distorting costs arising for occupational health insurance systems. For example, in systems where both employed and self-employed individuals are covered by the same occupational health insurance system, should the application of the agreement only to employed individuals lead

to reductions in the incidence of occupational accidents and illnesses which is outweighed by an increase in such occurrences among the self-employed, the cost of such insurance could be distorted for the whole sector, although incidence statistics are improving in part of the sector. It was therefore important to establish the extent to which employed and different self-employed individuals in the sector are covered by statutory occupational health insurance.

The study found that occupational health insurance is regulated differently in different countries. The self-employed are covered by the same insurance as dependent employees in Germany and Slovenia and are covered by a different statutory insurance system in France. In all other countries occupational health insurance coverage for self-employed workers is voluntary and evidence from stakeholder interviews indicates that voluntary coverage is rather low among self-employed hairdressers.

Figure 3.1 Coverage of employees and self-employed by national health and safety legislation and statutory occupational health insurance

Country/type of hairdresser	Employers and dependent employees	Self-employed without employees	Self-employed in same establishment with employees	Mobile
DE	√ √	√ √	√ √	√ √
DK	√ √	√	√	√
FR	√ √	√ (√)	√ (√)	√ (√)
HU	√			
IT	√ √	√	√	√
NL	√ √			
SI	√ √	√ √	√ √	√ √
UK	√	√	√	√

Source: GHK (2011) information gathered for this study

Important evidence from Germany shows that the risk rating applied to the hairdressing sector for the purposes of calculating premiums payable by individual businesses (and self-employed) for occupational health insurance in the sector has declined significantly since the introduction of specific sectoral health and safety regulation (as this has contributed to a decline in ill-health related absences).

3.3.3 Incidence of occupational accidents and ill-health in the sector

The study found no comparable data on the incidence of occupational accidents and ill-health and no disaggregated data on different segments of the market. The available data indicate the skin disorders, respiratory illnesses and MSDs are the most common causes of work related ill-health leading to absences from work. The former two at least are significantly more prevalent in this sector than in the whole economy. In countries where such data are available, they are between 5-30 times more prevalent.

There is some limited anecdotal evidence from some countries that the incidence of such illnesses is greater among the self-employed, although this is not borne out by data from

Germany which shows similar levels of risk (albeit stronger improvements in health and safety performance among employees in the last decade).

3.3.4 Implementation costs arising from health and safety legislation

There are no comprehensive impact assessments available on the cost of the implementation of health and safety regulation in the sector. Data from Germany on regular costs associated with skin protection show that this cost amounts to only 1.2% of total turnover of an average business in the sector. The cost of larger items of expenditure (ergonomic tools, ventilation, lighting systems, changes in work practices) have not been calculated.

3.4 Interest representation in the hairdressing sector

In five of the study countries (Denmark, Germany, Hungary, Slovenia and UK) employers are only represented by one, generally strictly sectoral employers' organisation and in three countries (France, Italy and the Netherlands) by two or three organisations. Workers are often represented by a number of different trade unions in most countries (Denmark, France, Italy and the Netherlands) and in four countries (Germany, Hungary, Slovenia and the UK) they are represented by one trade union.

With the exception of the trade unions in the Netherlands and Slovenia, worker representative organisations do not generally cover self-employed individuals, whereas with the exception of one employers' organisation in France, these sectoral organisations do tend to represent self-employed hairdressers (including those without employees). No data are available to the number of self-employed individuals affiliated to these organisations.

Mobile hairdressers tend not to be explicitly covered by social partner organisations, with the exception of the French trade unions, two French, one Italian and a Dutch employers' organisation.

The majority of employer and trade union organisation are involved in collective bargaining and in some cases, this goes beyond negotiations on terms and conditions of employment and covers other issues in what we would call "social dialogue" either at a bi-partite or tripartite level.

4 Impact of varying options for the scope of implementation of the framework agreement

4.1 Introduction: share of hairdressing sector covered by different implementation options

The study initially sought to assess the size of the “population” in the sector which would be affected by different implementation options regarding the scope of the agreement. The findings can be summarised as follows:

The application of option 1 would mean that across the 8 study countries, just over three-quarters of the sector (around 76-79%) would be covered by the provisions of the framework agreement (but ranging from only 14% to up to 92% depending on the country). Therefore, the impact of the agreement in terms of both costs and benefits could be felt very differently in different countries.

The impact of the application of option 2 is the least clear because of the lack of precise data on the number of chair renters active in the sector in different countries. It is likely that the scale of the impact will be relatively small, as this phenomenon is still rather marginal though growing in most countries.

The additional share of individuals working in the sector which would be covered if implementation option 3 were to be adopted varies significantly between countries and ranges from approximately 8% (in Germany) to 86% (in Hungary) of the workforce in the sector.

In terms of the share of the additional hairdressers active in the sector covered by option 4, the impact must be considered to be relatively small, although the share of mobile hairdressers as part of the employed population in the sector is clearly increasing (and reaching around 23% of the sector in one country – the Netherlands).

4.2 Economic impact of different implementation options

Evidence from the baseline indicates that the differential application of health and safety legislation to different segments of the market in hairdressing does not appear to be the main factor conditioning the diversified profile of the sector in different countries. Instead, this seems to be affected by the overall economic climate, policy measures and regulations to support self-employment and entrepreneurship and tax and VAT regulations.

Only very limited evidence is available on the impact of health and safety legislation on the cost structure of the sector. This shows that the cost of regular items of expenditure required by health and safety legislation is unlikely to impact on the market structure of the sector. However, it must be borne in mind that this only measures expenditure for items such as gloves and barrier creams and does not take into account “bigger ticket items” such as ergonomic equipment, lighting and ventilations systems or the impact of changes to work processes. More research would be required to estimate these costs and their impact on different types of businesses.

4.3 Labour market impact of different implementation options

In relation to the key impact questions, set out in section 1, no linear relationship can be shown between the structure of employment in the sector and the coverage and level of health and safety legislation. The expansion of self-employment has largely resulted from economic and societal factors as well as policy incentives.

There is little evidence to support the existence of a “crowding out effect” to less protected parts of the sector resulting from improvements in health and safety legislation. Having said that, there is insufficient data on the cost of certain items of expenditure which may be linked to the implementation of the framework agreement (big ticket items such as ventilation, equipment etc. or indeed changes in work organisation which may be required).

As there is limited evidence of a crowding out effect, it is not possible to state that there is likely to be an important impact on wages, working conditions and collective bargaining coverage from the differential application of the agreement.

4.4 Impact on occupational health and safety of hairdressers and the related insurance systems

When considering the impact of different implementation options for the scope of the agreement, it is important to note that occupational illness particularly relating to skin conditions and respiratory disease, and to some extent also MSDs is more prevalent in this sector than in the economy as a whole and can lead to absences from work as well as relatively early exit from the sector. In the countries where such data are available skin conditions are between 10-30 times more prevalent than in the whole economy and MSDs 5 times more prevalent. In most countries where these data are available, the average length of stay in the sector is shorter than the average for all sectors. In Denmark, for example, it is 8.4 years (of which 4 years are training). In Denmark, work related illnesses are a significant factor explaining exit from the sector.

Bearing in mind the over-representation of certain types of work-related illnesses in this sector, the potential cost of related absences is an important consideration. A Dutch study calculated the cost of work related absences in the sector to be around EUR 13,500 per years per worker (in the Netherlands around 195 workers per year were found to be affected by such long term absences).

The risk of ill-health effects could be considered to be significantly higher in segments of the market not covered by health and safety legislation. There is some anecdotal evidence to suggest that the incidence of ill-health is greater among self-employed workers and awareness of health risks is lower. A study from the Netherlands found awareness of eczema risk to be 10% lower among self-employed without employees than among employers and their dependent employees (and 20% lower among hairdressers not working from a fixed location). At the same time, a German study found little differences in ill-health risk between employed and self-employed individuals in the sector (although it found greater trend improvements among employees over the last decade).

5 Conclusions

Before making an assessment of the impact of different implementation options for the scope of coverage of the agreement, it is also critical to note a number of issues relating to data availability to inform such an assessment:

- The most significant lack of data relates to comparable health and safety data (incidence of occupational accidents and work related ill-health). We have only been able to draw on data from a limited number of countries, cross-country comparisons are difficult and whole economy comparisons have only been attempted where available at national level. Even more significant is the absence of any data showing the differential health and safety performance of different segments of the sector (employees, self-employed, mobile hairdressers etc.). The absence of these data makes it impossible to draw a baseline regarding the impact of different models of coverage of health and safety legislation and therefore to estimate with any degree of accuracy the likely health and safety impact of different implementation options. There is only anecdotal evidence, some data on occupational health risks for employees and self-employed in Germany (showing that risks are similar but performance has improved more significantly among the employed over the last decade), and one study on the awareness of health and safety risk in different segments of the sector which would appear to indicate greater risk factors among the self-employed without dependent employees and mobile hairdressers.
- There is also a lack of comparable disaggregated data for most other aspects regarding the economic structure and employment in the sector. We have had to work with different national and transnational data sets to perform our calculations and even this information must therefore be considered to be indicative.

Additional research would particularly be required to establish how many EU countries currently cover self-employed individuals with their health and safety legislation, how many self-employed workers are covered by statutory occupational health insurance and in how many countries the sector is significantly predominated by self-employed owner-operators without employees. More disaggregated data on the occupational health performance of employees and self-employed individuals in the sector would also be valuable, as would a better estimation of the cost of non-recurring items of expenditure which could result from the implementation of the draft framework agreement.

In the absence of further research findings, our conclusions regarding the need to include different types of self-employed workers in the coverage of the agreement are as follows:

- As the sector is more significantly dominated by self-employment (particularly self-employed owner-operators without employees), it appears counter-intuitive to exclude such important sections of the market from the scope of important health and safety regulation.
- With regard to this, it is important to note that in the majority of countries covered by this study, self-employed hairdressers are already covered by existing health and safety legislation. EU legislation covering the self-employed in the sector would therefore only confirm the existing position in most Member States. However, more information is needed on the situation in the remaining Member States, as the absence of coverage of self-employed workers with this legislation in more Member States could provide a strong argument for their inclusion at EU level, as this would lead to significant parts of the sector across the EU being excluded with likely detrimental health and safety effects.
- The impact of different implementation options on different countries varies depending on the current regulatory framework (particularly regarding the coverage of self-employed by health and safety regulation and occupational health insurance provisions)

and the current structure of the sector (e.g. predominance of owner-occupied salons etc.)

- Evidence with regard to the incidence of health and safety risk among employees compared to self-employed hairdressers is limited and to some extent contradictory. Data from Germany show a rather comparable performance (although greater improvements in health and safety performance were experienced by employees in the past decade). A study from the Netherlands, on the other hand appears to indicate a lower awareness of health and safety risks among owner-operators and mobile hairdressers, which could lead to a higher incidence of work related accidents and ill-health.
- In systems where all segments of the sector are covered by the same occupational health insurance, failure to cover some segments of the sector with the Directive could lead to actuarial distortions and potentially higher premiums for the whole sector. In systems where the self-employed are covered by their own statutory insurance system, a poorer performance linked to a lack of improvements in accidents and ill-health (which would be achieved in other segments of the sector) could lead to increased premiums which could act as a disincentive. In systems where insurance is voluntary (and where the take-up of such insurance is low) this cost would fall on the state / the taxpayer.
- With an estimated average cost per ill-health related absence of around EUR 13,500 per year, the cost of work related ill-health in the sector is considerable, particularly as the incidence of various occupational illnesses is considerably higher in this sector than in the economy as a whole.
- With regard to the impact of different implementation options on the economic and labour market structure of the sector, evidence of potential distorting or crowding out effects is scant and can therefore not significantly contribute to any recommendations regarding the application of different implementation options. Information available indicates that economic and labour market trends in the sector are more likely to be linked to other factors (other than health and safety regulation) including the overall economic climate and policies relating to the encouragement of self-employment and entrepreneurship, as well as the VAT and business taxation rules. However, this assessment could be impacted by the lack of data on the cost non-regular items of expenditure which could be linked to the implementation of the agreement. More evidence is needed in this area.