

Master's thesis

International Business Management

2014

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INVOICING SERVICES

– a road to increasing employment



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TURKU UNIVERSITY OF APPLIED SCIENCES

MASTER'S THESIS | ABSTRACT

TURKU UNIVERSITY OF APPLIED SCIENCES

Master's degree programme in International Business Management

2014 | 85 pages

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The purpose of this thesis was to explore and describe a new way of working that is on the rise in Finland; an employment form that is created when an individual invoices his or her own work via an invoicing company. The use of invoicing services is still surrounded by some unclearness, which is why it is important to shed some light on the concept and raise awareness about this way of working. Users of invoicing services are to date regarded as own work performers; a group that lacks a clear definition in the labour legislation. This concept has been explored and described mostly from the users' perspective, but also companies that offer invoicing services in Finland have been listed. Eezy Osk was used as a case study.

The main research question was what the use of invoicing services means for the individual with all aspects around it. Past research and literature on the concept are limited so the theory part is mostly based on legislation, practices of authorities involved, company websites, the corresponding concept in some other countries as well as interviews.

The research method was mixed. The findings are based on the literature review, interviews and a questionnaire that was filled in by users of Jobit, a marketing portal for registered users of Eezy Osk. The findings speak for the fact that the use of invoicing services should be given more attention and recognition. The users' overall experiences of invoicing services are very positive. Work that is invoiced through an invoicing company is to date not recognized in any unemployment fund, which is inconvenient for users that periodically are in the need of unemployment benefits and this has therefore been under a lot of discussion. Legislation should work for the use of invoicing services and not against them, because invoicing services provide an important road to employment.

KEYWORDS:

Invoicing services, billing services, invoicing companies, billing companies, own work performance, Eezy Osk, umbrella employment, entrepreneurial

OPINNÄYTETYÖ (YAMK) | TIIVISTELMÄ

TURUN AMMATTIKORKEAKOULU

Master`s degree programme in International Business Management

2014 | 85 sivua

Ohjaaja: Ajaya Joshi

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LASKUTUSPALVELUT

– tie työllisyyden lisäämiseen

Tämän opinnäytetyön tarkoitus on tutkia ja kuvata laskutuspalvelujen käyttöä Suomessa. Kyseessä on ilmiö joka on kovassa nousussa. Uusi työllistymismuoto syntyy, kun henkilö laskuttaa oman työnsä laskutuspalveluyrityksen kautta. Tällainen työllistymistapa ei ole niin tunnettu vielä ja siksi olisi tarpeen lisätä tietoisuutta ja estää epäselvyyksiä. Laskutuspalvelujen käyttäjiä määritellään työttömyysturvajärjestelmässä omassa työssä työllistyviksi. Lainsäädäntö ei tunne oman työn käsitettä, joten sen sisältö on muotoutunut soveltamiskäytännön ja lainvalmistelutöiden perusteella. Laskutuspalveluala sai näkyvyyttä mediassa vuodenvaihteen tienoilla 2012-2013 kun laskutuspalveluyrityksen kautta laskutettu työ ei enää kerryttänyt työssäoloahtoa, jolloin osittain työttömyysturvatarpeessa olevien käyttäjien asema jonkun verran huononi.

Laskutuspalvelualaa on tutkittu ja kuvattu ensisijaisesti käyttäjien näkökulmasta. Lista laskutuspalveluja tarjoavista yrityksistä on myös koottu. Eezy Osk on toiminut pääasiallisena tutkimuskohteena. Tärkein tutkimuskysymys oli selvittää mitä laskutuspalvelujen käyttö tarkoittaa yksilölle. Aikaisemmat tutkimukset ja kirjallisuus aiheesta ovat vähäisiä ja siksi teoriaosuus koostuu muun muassa lainsäädännöstä, viranomaisten soveltamiskäytännöistä, yritysten kotisivuista sekä haastatteluista asiantuntijoiden kanssa.

Tutkimuksessa on käytetty useita eri menetelmiä. Tulokset perustuvat teoriaosuuteen, haastatteluihin sekä Eezyn markkinointisivuston (Jobit) käyttäjien vastattuihin kyselylomakkeisiin. Tulokset osoittavat vahvasti sen, että laskutuspalvelualasta tarvitaan lisää tietoisuutta sekä tunnustusta. Käyttäjien kokemukset laskutuspalveluista, ja tässä tapauksessa Eezyn palveluista, ovat positiivisia. Lainsäädännön pitäisi toimia laskutuspalvelujen käytön eduksi, eikä sitä vastaan, koska laskutuspalvelut tarjoavat tien työllistymiseen.

ASIASANAT:

Laskutuspalvelut, laskutuspalveluyritys, laskutusosuuskunta, omassa työssä työllistytävä, omassa työssä työllistyminen, yrittäjämäinen, Eezy Osk

CONTENT

1 INTRODUCTION	6
1.1 OBJECTIVES AND RESEARCH AREA	7
1.2 LITERATURE REVIEW	10
2 WHAT ARE INVOICING SERVICES?	12
2.1 SPECIFICATIONS	13
2.2 OWN WORK PERFORMANCE	15
2.3 UNEMPLOYMENT BENEFITS	18
2.4 EMPLOYMENT CONDITION	19
2.5 EEZY OSK	21
2.5.1 BACKGROUND	22
2.5.2 USERS	22
2.5.3 THE FUNCTIONING	24
2.5.4 LIMITATIONS	25
2.5.5 FUTURE PLANS	26
2.6 DEVELOPMENT TO THE CURRENT SITUATION	26
2.7 THE COOPERATIVE'S ROLE IN CREATING EMPLOYMENT	29
2.8 THE WORKER COOPERATIVE	30
2.9 APPROACH OF THE EMPLOYMENT AND ECONOMIC DEVELOPMENT OFFICE	32
2.10 APPROACH OF UNEMPLOYMENT FUNDS	34
2.11 COMPANIES THAT OFFER INVOICING SERVICES IN OTHER COUNTRIES	36
2.11.1 SWEDEN	38
2.11.2 UNITED KINGDOM	40
2.11.3 FRANCE	42
3 MANAGING OWN WORK	45
3.1 BUSINESS IDEA	45
3.2 MARKETING YOUR OWN WORK	46
3.3 SUITABILITY FOR OWN WORK	48

4 RESEARCH METHODOLOGY	51
4.1 RESEARCH PURPOSE	51
4.2 RESEARCH STRATEGY AND APPROACH	53
4.3 CASE STUDY AS A RESEARCH METHOD	56
5 FINDINGS	58
5.1 SURVEY	58
5.2 OTHER COMPANIES THAT OFFER INVOICING SERVICES IN FINLAND	64
5.3 CONCLUSIONS	67
6 LIST OF REFERENCES	70

APPENDICES

Appendix 1: List of companies that offer invoicing services in Finland.....	81
Appendix 2: Survey questions.....	83

FIGURES

Figure 1: The workflow.....	8
Figure 2: Market shares from 2012.....	9
Figure 3: Entrepreneurial or enterprising attributes.....	50

1 INTRODUCTION

Employment has been a hot issue in Finland particularly since the financial crisis hit in 2008. Finland, like many other countries in the EU, needs more employment. Different initiatives to promote entrepreneurial actions have been tried out. Start-up grants, free advice on new enterprise formation and free business advice are examples on supportive means that are available for new entrepreneurs. Setting up a business in Finland is not difficult, but many legal obligations come along. A common perception is that entrepreneurship involves a risk, although dependent on the business model. Getting the status of an entrepreneur also means that the rights to social benefits are put at risk.

Working life is also constantly changing and insecurity is increasing. According to Ojala & Suurila, nobody has a lasting job and the safest job is the one you create yourself. In addition should your own work change all the time according to the requirements of the labour market and be based on top skills in the field (Ojala & Suurila 2002, 20.) The will to use own know-how, and keep up to date, has led many to consider own work. Societal changes open up new possibilities and high unemployment rates force many people to find alternatives to unemployment (Raatikainen 2012, 26). However, everybody does not have an entrepreneurship attitude and everybody does not have the willingness to learn the necessary bureaucracy.

As an alternative to both traditional employment and entrepreneurship, there is a new working way on the rise, that unites salary employment and self-employment. This employment form is created when an individual has a third part, an invoicing company, taking care of invoicing matters. The money transactions are outsourced to a company that serves as an invoicing channel between its customer and the client of the customer. The client of the customer is invoiced by the company when

the job assignment is done and, after deducting necessary costs, the company pays the rest to its customer as a salary.

Invoicing companies open doors for individuals who want to practice a profession independently without taking on entrepreneurial responsibilities. Invoicing companies also contribute to creating employment. Still, this employment form lacks proper recognition in Finland, and is yet not a commonly known way of working. However, similar concepts have existed in some other countries for a longer period already.

1.1 OBJECTIVES AND RESEARCH AREA

The field of invoicing services is an unexplored area in Finnish higher education. The uniqueness of the topic, together with the fact that the concept is not well known yet, makes it an appropriate and relevant choice. This research is independent and the topic has been chosen out of pure interest together with a will to explore the concept deeper and provide a thorough description.

The focus will be on the individuals using the invoicing services and the circumstances around the process. In order to set boundaries for this research, it is necessary to define the stakeholders that will be included. There are three main stakeholders in this process: the company that offers invoicing services, the user and the client. A typical illustration of the process will be displayed on the following page.

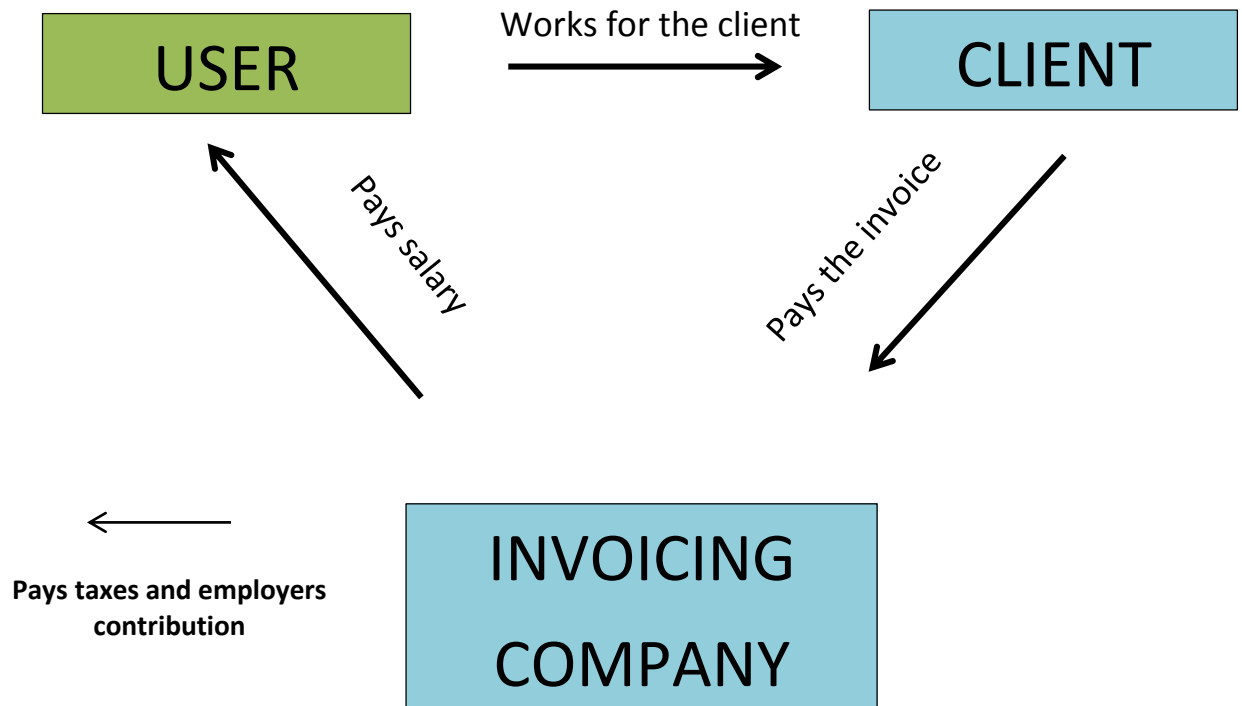


Figure 1: The workflow

Involved authorities and unemployment funds are also relevant stakeholders and their viewpoints are important to include because they are, together with legislation, contributing to defining the employment form. They also have an impact on how the activities are carried out.

To get a proper understanding of the field, it is also necessary to get the company perspective. It has not been feasible to deeply explore every company that offers invoicing services, so one company was chosen as a case study: Eezy Osk. The main reasons for this choice are:

- Eezy holds a big market share (Figure 2)
- Eezy is a forerunner and a pioneer in modern use of invoicing services
- Eezy has been at the forefront in struggles for users' rights to

unemployment benefits between job assignments

An important part of this study was also to give invoicing services a proper definition and eliminate unclearness about the concept. Although Eezy is the company in focus, also other companies that offer invoicing services have been searched out and listed. Possible specialties and differences will be highlighted. This will give a fair insight in the field of invoicing services in Finland.

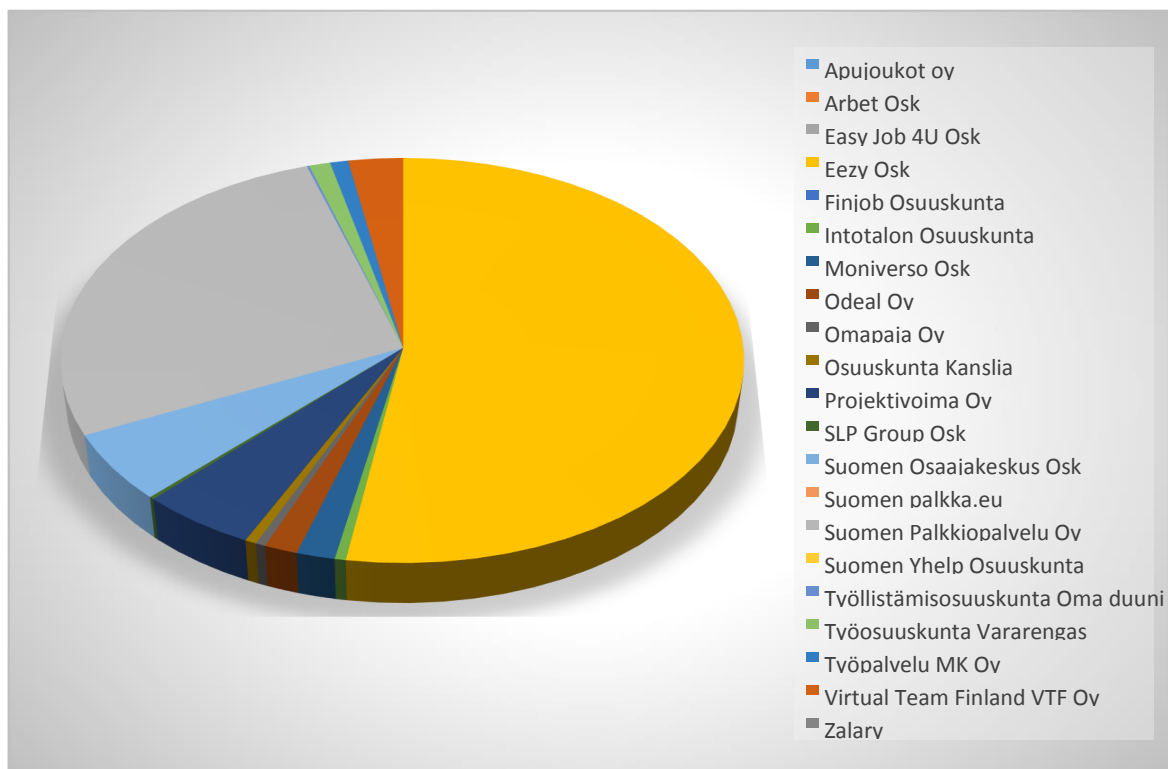


Figure 2: Market shares of companies in the field, based on public economic data from 2012. Newer economic data had not yet reached the public during the research period, so these statistics can therefore not be considered reliable for 2014, and also new companies have entered the market. This diagram also displays some worker cooperatives that are owned by the users. The main purpose of this diagram is to show the noteworthy market share of Eezy Osk which was by far the biggest in 2012 with a turnover of 14,9 million euro. (Source: <http://www.taloussanomat.fi/yritykset/>)

The emphasis is on users and aspects on the use of invoicing services; values as well as downsides. Thus, this became the main research question:

- What does the use of invoicing services mean for the individual?

Another important part was to put together an objective, comprehensive and in-depth description of the field of invoicing services in Finland. The second sub-question is therefore:

- What are invoicing services in Finland? What is their role and how are they perceived?

The second sub-question naturally generates the third sub-question:

- What companies offer invoicing services in Finland at the moment? How do they differ from each other?

1.2 LITERATURE REVIEW

The literature review turned out to be rather challenging due to limited past research on the subject. Most of the material that has been used revolves around the aspects that define the use of invoicing services in Finland. Importance has been given to correctness of facts, because a thorough description of the field of invoicing services is a relevant part. Since no traditional research literature about Finnish invoicing services has been found, most documentation has had to be based on:

- Legislation
- Practices of authorities involved and unemployment funds
- Websites of companies and organizations

- Articles
- Interviews with relevant actors in the field
- History
- International similarities

It is important to point out that legislation as well as practices of authorities and unemployment funds are based on the current situation (winter/spring 2014); they have changed in the past and they can change in the future.

Many sources will be websites and articles, since there are in many cases no other written sources to access. Official approaches of authorities are often stated on websites. Some facts on company websites that are used in this research have been double-checked with the companies by e-mail in order to ensure their correctness. Information on company websites that clearly is for marketing purposes, for example statements including “leading”, “biggest”, “most reliable” etc. have been avoided.

In the final stages of the research process, a bachelor’s thesis about invoicing services in Finland was found, which had been carried out simultaneously as this thesis because it was uploaded in March 2014. The title is Billing service liabilities (“Laskutuspalvelun veloitteet” in Finnish) and the purpose was to find out what kinds of businesses invoicing services are most suitable for. Material was collected from a target group that consisted of users of the invoicing company Ukko.fi. It was performed in a similar way; the researcher sent out questionnaires to the target group. Similarities in the questions and in the conclusions can be seen, although this research is performed in a smaller scale. It is concluded that the majority of the users have embraced invoicing services well and wish that the use of invoicing services would increase in society. It is seen as an easy alternative for invoicing temporal job assignments. (Seppänen 2014.)

2 WHAT ARE INVOICING SERVICES?

Invoicing services in Finland are provided by a company that functions as an invoicing channel for its customers. These companies will be referred to as invoicing companies in this thesis, if it is the main service that the company offers. The description of invoicing services is based on the companies' own explanations of their functioning. Most companies have detailed and clear descriptions of their activities on their websites and they can be found in Appendix 2. All invoicing companies have the same core functions.

The invoicing companies make it possible for an individual to work in an entrepreneurial manner without having to undertake the risks and obligations of an entrepreneur, since the individual does not have to own a company. This intermediary role of the invoicing company consists in converting the fees received from invoicing into salaries, thereby enabling the individual to benefit from similar social advantages as "traditional" employees, most notably in terms of unemployment benefits. The individual can sell his or her work to companies or individuals in an autonomous way. Interaction between the invoicing company and its customer typically takes place online, making invoicing services accessible to anyone who can provide a Finnish tax deduction card, independent of location.

The client company or the contractor also benefits from this concept since it brings the possibility to get invoiced only for the desired services, instead of employing a worker with all the risks linked to recruitment and employer responsibilities (Employment Contracts Act, Chapter 2). An important characteristic is that it is always the individual that initiates the relationship; the individual gets his/her own client(s) and agrees on the terms with that client just as an entrepreneur. It is also essential that the individual informs the client beforehand that the invoice will come

from a third part. When the job assignment is done, the registered user typically enters the invoice details into a web-based invoicing program.

The use of invoicing services is also not just an alternative to entrepreneurship; it can be a first step towards entrepreneurship. It provides the possibility to practice entrepreneurship and test a business idea safely. A user of invoicing services can become an entrepreneur anytime, should he or she wish to do so. Many invoicing companies do in fact market themselves as a springboard to entrepreneurship, among other things. Many users of invoicing services do also not strive to being occupied with this work on a full-time basis; some do it alongside salary employment, child care or retirement.

It is however important to keep in mind that users of invoicing services are not entrepreneurs, even if they work in a similar way. Active entrepreneurship is not even possible at the same time, since a tax deduction card must be provided for salary payment. Users of invoicing services cannot be registered in the prepayment register, the VAT register and in many cases also not the employer register while using invoicing services.

2.1 SPECIFICATIONS

It is necessary to specify the meanings of some core concepts, since there are otherwise risks of misunderstandings. At the moment there is no descriptive, case-specific definition in English for the particular kind of companies with invoicing services in Finland that this study revolves around. The term invoicing companies in general can refer to companies that also offer other kinds of invoicing and/or payment services and not just the kind of invoicing services that are in focus in this research. In this research will therefore an invoicing company always refer to a company that offers invoicing services as its main activity; it is a Finnish company

that operates as an invoicing channel between its customer and the client of the customer. The term invoicing services refers to the services offered as only activity or as one of many activities of a company. The specific terms in Finnish are “laskutuspalveluyritys” (invoicing company) and “laskutuspalvelut” (invoicing services). The best term to use for companies in the field is therefore *a company that offers invoicing services* because it includes all companies that offer those services mainly or partly.

Different definitions are used for the similar concept in other countries, here are some examples:

- “self-employment companies” (egenanställningsföretag) in Sweden
- “umbrella companies” in the UK
- “wage portage companies” (le portage salarial) in France

The concept is not identical in all countries, although it is sometimes referred to as one single concept. The basic idea is although similar. A few international concepts are shortly described in Chapter 2.11. The British term “umbrella companies” is a commonly used term when the concept is discussed on an international or European level, as a reference to all. When another author’s research or article about these companies on an international level is referred to, the word umbrella companies or umbrella unemployment will be used also in this thesis if that word is used in the original source.

Since users of invoicing services are not entrepreneurs, although they function in similar manner, it is necessary to be more specific about the difference between these two groups. Here are things that apply to an entrepreneur in typical cases (Finnish Enterprise Agencies 2013, 31 – 40; 51), but not a user of invoicing services:

- the founding of a company (registrations issues etc.)

- personal guarantorships for business capital
- bookkeeping and financial statements for the company
- pre-payment of income tax based on taxable income and VAT
- arranging of pension insurance (YEL)
- risk of company bankruptcy

There are two ways of being compensated for work in Finland: in the form of salaries (or wages) or in the form of trade income (or compensation fees). Salaries or wages are paid to employees in an employment relationship and trade income or compensation fees are billed by independent contractors. It is important to distinguish between these two concepts because the obligations of employers are different from those of businesses paying for services from external providers, independent contractors or self-employed individuals. Payment is held to be trade income (“työkorvaus” in Finnish) only if it is clearly shown not to have the nature of employment income. (Finnish Tax Administration 2013.)

2.2 OWN WORK PERFORMANCE

Another important term that will be mentioned several times is own work performance, because a user of invoicing services will be categorized as an own work performer by authorities in unemployment matters (Chapter 10 in the instructions of the Ministry of Employment and the Economy on labour policy conditions for unemployment benefits).

The word own work performance (“omassa työssä/itsensä työllistyvä” or “itsensä työllistäjä” in Finnish) means that you are not a salary employee in an employment relation in accordance with the Employment Contracts Act 1, 1 §, but instead you work independently, with or without the formal characteristics of an entrepreneur. Under the Unemployment Insurance Act 1, 6 §, anyone who takes out insurance

under the Self-Employed Persons' Pension Act (yrittäjän eläkelaki, YEL) or the Farmers' Pension Act (maatalousyrittäjän eläkelaki, MYEL) for main occupation is considered an entrepreneur. An entrepreneur is also someone who:

- is in a leading position and personally owns at least 15 per cent of a company, or if the family owns at least 30 per cent of a company; or
- works for a company of which s/he owns, or the family owns, at least 50 per cent.

The characteristics of the form of employment that is created when invoicing services are used are not clearly defined in the labour legislation. The Finnish labour legislation knows only two ways of performing work: salary employment and entrepreneurship (Unemployment Insurance Act 2, 5 §). Individuals who perform their own work are therefore often put in the same category as entrepreneurs, which tends to create more inconvenience than benefits, at least in unemployment benefits matters. Individuals who perform their own work, but without being formal entrepreneurs, lack a category of their own.

The correct use of English translations of the terms is also not always clear-cut, because the Finnish categorizations often differ from the ones in English-speaking (and other) countries. In this thesis will in first hand the same translations be used as Finnish authorities use on their English pages. The word self-employment is used by Finnish authorities on their English pages when they mean entrepreneurship. An example is the Finnish Tax Administration; they also categorize employment forms only as salary employment or self-employment (=entrepreneurship). They do not recognize or mention own work performance at all. (Finnish Tax Administration 2012.)

There has been a lively debate in recent years, and especially during the past year, about own work performance. Efforts have been made to define and analyze the

concept, because ways of doing work are changing and diversifying. There has also been debate about whether solo entrepreneurs, persons engaged in a trade and freelancers can always be kept entrepreneurs, or is part of them in practice working in a relation that equals to salary work. Individuals, whose income partly consists of salary income and partly of job assignments performed with freelance tax deduction card, are also considered belonging to the group of own work performers. (Torsti et al. 2012, 8.)

In chapter 3.1 in the instructions of the Ministry of Employment and the Economy on labour policy conditions for unemployment benefits for entrepreneurs, there are examples on other individuals who also typically fall into the category of own work performers: carers (a person who provides care for a family member or another who is unable to cope with everyday activities independently because of illness or disability), journalists, artists and construction professionals who build their own house.

Statistics Finland is at the moment compiling data about the situations of 2000 own work performers regarding their working conditions, becoming and working as an entrepreneur, employment status, income and social security (Statistics Finland 2013). The results will be published in autumn 2014. The interviewees are solo entrepreneurs, persons engaged in a trade, freelancers as well as grant and scholarship recipients. Thus, all these groups of individuals can also be considered own work performers, of which some are entrepreneurs and some are not.

Another important phenomenon that is considered own work performance is involuntary entrepreneurship. The key feature of involuntary entrepreneurship is that the initiatives leading to this arrangement originate from the job commissioner. The performed work typically has the characteristics of work performed in an employment relationship. Another feature of involuntary entrepreneurship is that

the job commissioner seeks to avoid the formal position of employer and the related obligations, and therefore prefers to buy the work performance instead of initiating an employment relationship. (Torsti et al. 2012, 46.)

Since there is no clear-cut criteria for being considered an own work performer in the Unemployment Insurance Act, is the definition of own work performance based on interpretations and application practices by authorities, as well as an overall assessment. Current characteristics for this category is found in chapter 3.1 in the instructions of the Ministry of Employment and the Economy on labour policy conditions for unemployment benefits for entrepreneurs.

2.3 UNEMPLOYMENT BENEFITS

Unemployment benefits also need to be gone through, because they will often be mentioned. There are three kinds of unemployment benefits in Finland:

- Basic unemployment allowance
- Labour market subsidy
- Earnings-related unemployment allowance

Basic unemployment allowance and labour market subsidy are claimed from Kela. To qualify for basic unemployment allowance, a specific condition regarding employment history has to be met (i.e., you must have been employed for at least 26 weeks during the two years preceding the unemployment). Basic unemployment allowance is paid for a maximum of 500 days. If the condition is not met, the applicant may be eligible for labour market subsidy. It is payable to unemployed applicants who enter the labour market for the first time or otherwise have no recent work experience. It can also be paid to long-term unemployed persons who have exhausted their 500-day eligibility for the basic or earnings-related unemployment allowance. Earnings-related unemployment allowance is

claimed from unemployment funds. It is available to members of an unemployment fund only and can be paid for up to 500 days. (Kela 2013.)

Unemployment benefits are paid partly if the applicant has income from occasional or part-time work during the unemployment period. This is called adjusted unemployment benefits and is common among users of invoicing services. The amount of unemployment benefits is adjusted so that the full allowance is reduced by half of the amount of the employment income in excess of the standard entitlement of 300 euro a month. If the work is no more than 80 per cent of the maximum working hours agreed for the sector, the applicant can be paid adjusted unemployment benefits during part-time employment, full-time employment of less than two weeks, and lay-off periods. Unemployment benefits cannot be claimed during periods of full-time employment that last for more than two weeks. In such cases, full unemployment benefits can be claimed for the days of unemployment during the payment period, provided that there are no other obstacles to payment. (TYJ 2014a.) This is how adjusted unemployment benefits is calculated for earnings-related unemployment allowance in unemployment funds. Kela calculates it similarly, but more focus is on earnings-related unemployment allowance in this thesis.

2.4 EMPLOYMENT CONDITION

The employment condition is an important factor in unemployment benefits matters and became a relevant issue in the field of invoicing services when the employment form fell into the category of own work performance.

In order to qualify for earnings-related unemployment allowance from an unemployment fund for salary employees, the applicant must have had salary or wage work for 26 calendar weeks (does not necessarily have to be continuous

employment) to meet the condition regarding previous employment. The applicant also must have been a member of the fund. Membership must be applied for when being in an employment relationship, and when membership is approved, there will be a monthly or yearly membership fee that must be paid regularly (TYJ 2013). In addition each of the working weeks that count towards the employment condition must have consisted in a minimum of 18 working hours and the work must have been paid for in accordance with the sector's collective agreement. If the sector in question does not have a collective agreement, the member's pay for full-time work must have been at least 1,154 euros per month. (TYJ 2014b.) Entitlement to basic unemployment allowance from Kela is calculated the same way with regards to previous working periods (Kela 2014), if the individual is not a member of an unemployment fund.

There are two unemployment funds also for entrepreneurs, AYT (Unemployment Fund for Entrepreneurs and Self-Employed) and SYT (Unemployment Fund for Entrepreneurs and Self-Employed) where the work of entrepreneurs entitles to earnings-related unemployment allowance. To date, there is no unemployment fund for own work performers who are not entrepreneurs, where own work is taken into consideration. Own work does not count toward the employment condition by unemployment funds for salary employees, because own work is not considered to be performed in an employment relation in accordance with the Employment Contracts Act 1, 1 §. Only employment conditions for salary employees and entrepreneurs are described in the Unemployment Insurance Act because they are the only recognized forms of working. Only these two employment forms can have the employment condition met in the appropriate unemployment fund.

Thus, an own work performer cannot join an unemployment fund while performing own work only. However, if the own work performer previously has had the employment condition met in an employment relation while being a member of a fund, s/he can be entitled to earnings-related allowance between job assignments

until the maximum period runs out. Once the allowance days have reached their maximum of 500 days, it is not possible for an own work performer to become entitled to earnings-related allowance again by performing own work only. When the maximum period has run out, the own work performer can claim labour market subsidy from Kela, given that the situation otherwise is the same (TYJ 2014c).

It is always the Employment and Economic Development office that takes a stand on whether the applicant does belong to the category of own work performers or not, and if this is the case, s/he will be entitled to adjusted unemployment benefits only if the own work performance can be considered part-time in accordance with the Unemployment Insurance Act 2, 5§. It is namely important that the own work is not considered an obstacle for accepting full-time salary work during the periods for which unemployment benefits are granted. In other words will an own work performer, who is not considered entrepreneur and whose work can be considered part-time, not be left completely without unemployment benefits in typical cases; if the person is not entitled to time-limited earnings-related allowance or basic unemployment allowance, will s/he at least receive labour market subsidy from Kela. (Unemployment Insurance Act 2, 5 §.)

2.5 EEZY OSK

Eezy Osk was founded in 2008 by Jouni Valta and Titta Teittinen. The company's turnover rose to almost 15 million euro in 2012, with a growth of 5.1 million euro since previous year, or 51.9 per cent (Kauppalehti 2013). The turnover in 2013 was 22,9 million euro. The current staff consists of 13 persons in total, including Valta and Teittinen. Currently they have more than 10 000 registered users. The following information will be based on facts from their website as well as a face-to-face interview and several e-mail conversations with Valta.

2.5.1 BACKGROUND

Valta had experience of entrepreneurship before founding Eezy since he had run his own company in the past. He also had his work invoiced through a cooperative for a few years, so the idea of offering invoicing services to individuals via a company largely sprung from this period, together with a vision of modernizing the services by bringing them to internet. It would be easy for the customer to use the invoicing services. The user would be able to try a business idea safely by keeping the status of a salary employee and therefore have the security of receiving unemployment benefits if or when work is not provided full-time. In some fields it is also difficult or nearly impossible to find traditional employment, so the only way to work as for example a farrier or a musician is often by doing it in an entrepreneurial manner. Furthermore, many professionals want to practice their professions without simultaneously dealing with the bureaucracy that comes with entrepreneurship. They don't want to have "two jobs", the one of an entrepreneur and the one they are educated/trained for. When a professional uses invoicing services, s/he only needs to concentrate on marketing and getting job assignments. (Valta 2014.)

2.5.2 USERS

Eezy is a cooperative and users are not required to join as members. Their target group is individuals who:

- consider entrepreneurship, but the threshold of starting an own business seems too high
- want to test a business idea risk-free, before starting an own business
- have a work occupation that requires invoicing, but who don't want to start an own business

The Eezy clientele consists of people from many different fields. Eezy does not target any particular field, the service is meant for anyone who wants to work in an entrepreneurial manner and whose activities do not pose any obstacles as listed in the following sub-chapter. Information technology with all its kinds of expertise is an example on a field that is well represented. Consultants, instructors/educators and freelancers from different fields are also common. When it comes to clients, even municipalities and cities have started using Eezy services; there is work that needs to be done, but recruitment is scarcely allowed at the moment, so invoicing services has turned out to be a solution for them as well. (Valta 2014.)

During the interview with Valta, it was speculated whether users in general were suspicious towards using Eezy services at first. Valta confirms that suspiciousness naturally occurred in the beginning, but doubts were met with openness and thorough explanations to all inquiries. Openness is still an important matter; all important facts that are relevant for the users are stated on the website. When it comes to the categorization of the work as own work performance, there are also users who see it as an advantage, because own work performance allows a more flexible pricing. (Valta 2014.)

Eezy services tend to be more used outside cities and growth centers; a reason for this could be that there is less salary employment in those areas, so people have to find other solutions. It is also possible to use Eezy services while living abroad, because the only document required from a user is a Finnish tax deduction card. There are some Eezy users that live abroad and regularly invoice their work through Eezy. (Valta 2014.)

Despite the users' work today being classified as own work, Eezy still takes full employer responsibility and pays for example also an additional liability insurance for their users that covers damages up to one million euros. (Eezy 2014.)

2.5.3 THE FUNCTIONING

While working through Eezy, the user is in a fixed term employment relationship with Eezy, and the duration of the employment relationship is equal to the duration of the job assignment in question. The employment relationship with Eezy is established without signing a separate agreement whenever the user accepts an assignment from a client. Registration and use of Eezy services is free of charge and there are also no commitment obligations. As the employer of the user, Eezy will pay the remuneration as a salary and withhold tax in compliance with the tax card. Eezy will also take care of mandatory insurances and other employer contributions and submit the annual reports of the income to the tax administration. Eezy will also, if necessary, provide salary certificates and proofs of employment. The users need to find clients on their own and market their own work. The users will primarily use their own name in marketing and for this purpose Eezy also has a free marketing website for its registered users, www.jobit.fi. Jobit has recently been developed towards a bigger emphasis on the work that the users offer; it has been made easier for clients to find the concrete job assignments they are looking for. (Eezy 2014.)

When a job assignment is completed, and the client is to be invoiced, the user fills in and submits the invoicing order form via the online program Extranet. Extranet requires a personal user ID. A service fee will be charged in conjunction with each salary payment. The amount of the service fee is 3-7 % of the sum in total (exclusive of VAT) of the invoice paid by the client, the minimum is 20 euros. The more invoices the user submits, the smaller the service fee percentage will become over time, as the total of all the invoice amounts together grows bigger. Once the client has paid the invoice, Eezy will calculate the salary and pay it the following bank day at the latest, at least in normal cases. In some situations it is possible to receive the salary on the same day via a service called EezyExpress, before the client has paid the invoice. This service has its own additional service fee of 3 % of

the invoice amount and there are certain criteria for getting this service such as, for example, the client must be credible and the invoice must be final and indisputable. Withholding tax, the employer's contribution and the service fee will have been deducted from the salary when it reaches the user. (Eezy 2014.)

Eezy usually invoices with VAT included, with the exception of certain special occupations such as trained massage therapists and performing artists. In some lines of business is the VAT percentage lower than usual, for example sports services. When selling services outside the EU, the work is exempt of VAT, whereas within the EU the usual method is reverse VAT: the party ordering the service pays the VAT. (Eezy 2014.)

It is also possible for the individual to use an assistant or share a job with one or more co-workers. These co-workers must be registered with Eezy by the time the assignment commences. A co-workers' team can thus be formed in the extranet. The team leader determines independently everybody's shares of the payment received from the client when filling out the invoicing order. All parties involved in the work performed submit their personal expense specifications in the case that they have incurred work-related deductible costs. (Eezy 2014.)

2.5.4 LIMITATIONS

Anyone who is at least 18 years of age can register as a user of Eezy services. Minors have to get in touch with Eezy first and describe the job assignment(s) they will carry out. Dependent on the nature of the job assignment(s), or other relevant factors, Eezy might also ask for parents' permission in some cases (Valta 2014.) Registering also requires identification with bank codes. If the user does not have bank codes, registering is possible by phone or e-mail. When it is time for the first invoice, the user has to provide a Finnish tax deduction card. (Eezy 2014.)

There are also some limitations to the use of Eezy services. Due to regulations, Eezy services are not appropriate if the person:

- works as a reseller of products (BUT it is ok to sell self-made products through Eezy)
- wants to use working tools, furniture or other stock as tax deduction
- wants to work without paying VAT because of a small turnover
- is a registered health care professional and wants to work without paying VAT (unless the client is a company that is registered as a provider of such services, then it is possible to work VAT free)
- prepares foods in his/her own premises

2.5.5 FUTURE PLANS

Eezy has development plans for the future. One plan is to create a service that can better serve the cultural field, because events such as operas, theatres, shows etc. require arrangements that are not feasible within the current frames. Another vision is to place even more focus on internet services and less on the company itself. It could be a big online market place where job assignments are bought and sold and more governmental cooperation could come in question. (Valta 2014.)

2.6 DEVELOPMENT TO THE CURRENT SITUATION

The use of invoicing services has not always been approached in the same way throughout the years. The invoicing services customer used to be considered a salary employee by authorities, and his/her work was considered salary employment, until the interpretation changed some years ago.

As described previously, the process of judging someone's salary work as part- or fulltime requires calculation of working hours in typical cases. Valta explains in an

interview with Heino in Voima 10/2012 that this had for the users of Eezy's invoicing services been made possible with logbooks, hourly-based invoices and control performed by the client of the user. Authorities in unemployment matters normally accepted the typical use of invoicing services as salary employment, and the employment condition was met, until some conflicts arose. (Heino 2012.)

Two cases of users of invoicing services, who did not receive adjusted unemployment benefits from their respective unemployment fund in 2011, came to receive particular attention. The reason for rejecting their applications was that their working hours were not considered controllable in an appropriate way and could therefore not be calculated. These users first appealed to the Social Security Appeal Board, which is the primary authority to appeal to if a decision received from the issuer of unemployment benefits is considered unfair (Kela 2012a). The Social Security Appeal Board did not change the decision in favour of the users. This decision was made in June 2012. Both users appealed further to the Insurance Court, which is the highest court of appeal. The final judgment of the Insurance Court came in June 2013 and it was in favour of the users, so the funds had to pay adjusted unemployment benefits to them retroactively.

The coverage that these cases received contributed to questioning among some authorities regarding the employment status of the users of invoicing services, and therefore their rights to unemployment benefits. Although the mentioned cases reached a positive ending, the questioning process had already started, even before the cases were finally solved. Immediately after the negative decisions of the Social Security Appeal Board, economist Ilkka Kaukoranta from SAK (The Central Organization of Finnish Trade Unions) took a stand against the use of invoicing services by informing funds about the decisions of the Social Security Appeal Board and advising them to turn down unemployment benefits applications made by users of invoicing services. This process can be read in several articles, for example in Voima 10/2012 (Heino 2012), in Savon Sanomat 19.11.2012

(Juutilainen 2012) and in Kansanuutiset 14.1.2013 (Nuutinen 2013).

To provide a final standpoint regarding the use of invoicing services, TYJ ordered an expert opinion on the matter from Seppo Koskinen, a professor in labour and social rights. He provided his written opinion in October 2012, where he argues that the use of invoicing services is closest to own work performance. He went through several different cases that had been solved by the Social Security Appeal Board or the Insurance Court and comments on the solutions together with his own opinions. His conclusions were based on the employer position of the invoicing company, the employment status of the person undertaking the work, the criteria for granting adjusted unemployment benefits to the worker and finally the position of the worker in labour market subsidy matters. His main argument is that invoicing companies cannot count as employers, because their task is to handle money transactions, so the workers can thus not be considered employees. His opinion can be obtained from Edilex, a provider of legal solutions, where also a short description is found (<http://www.edilex.fi/artikkelit/9436>).

Koskinen's opinion came to influence unemployment authorities. Niina Jussila, Executive Director at TYJ, however wants to point out that TYJ does not give any instructions to the unemployment funds. Koskinen's opinion was sent to the funds as information only, because it is the Ministry of Social Affairs and Health that provides guidelines for the funds, prepared by the Financial Supervisory Authority. (Jussila 2014.) It is also stated in the Unemployment Insurance Act 1, 4 § that the execution of unemployment benefits is lead, directed and developed by the Ministry of Social Affairs and Health, which is the supreme authority in these matters.

The Ministry of Employment and the Economy also updated their instructions on the use of invoicing services in July 2013 and they are valid until further notice.

Here is an example on an extract from Chapter 10 in the instructions of the Ministry of Employment and the Economy on labour policy conditions for unemployment benefits that favours the interpretation of the use of invoicing services as own work performance:

“The cooperative, the limited company or the other organization in question cannot be considered employer if it only mediates information about job assignments or takes care of the marketing, the invoicing or the bookkeeping that is related to the work of its members. In these situations, an employment relationship can only occur between the organization and the person that performs the mediation of job assignments, the marketing, the invoicing or the bookkeeping. “

All these events have been important, because they affect the whole field. A significant part of users of invoicing services are not occupied with job assignments full-time and are thus periodically in the need of unemployment benefits, which is when categorization of their work as own work becomes unfavourable.

2.7 THE COOPERATIVE´S ROLE IN CREATING EMPLOYMENT

Modern invoicing services in Finland have their roots in cooperatives. Cooperatives that offer invoicing services are still in Finnish media and popular speech often referred to as invoicing cooperatives (“laskutusosuusunnat” in Finnish), which sometimes also is wrongly used as a reference to all invoicing companies in Finland, although many of them are limited companies. The connection between invoicing services and cooperatives will be shortly explained and some information on the cooperative´s role will be provided. Some historical facts might also shed some light in the understanding of the concept.

At the time when work invoiced via an invoicing company was still considered salary employment, a cooperative was the appropriate business form for offering invoicing services, because the invoiced work consists of temporal job assignments. A cooperative can legally apply several fixed-term job assignments after another because the cooperative ideology is to create work where it can be done:

“The purpose of a cooperative is to promote the economic and business interests of its members by way of the pursuit of economic activity where members make use of the services provided by the cooperative directly or through a subsidiary or otherwise” (Cooperatives Act 1, 5 §)

Currently, as the work invoiced through an invoicing company has officially been considered own work since June 2013, any company of any business form can offer invoicing services. Most Finnish invoicing companies today are either cooperatives or limited companies (Appendix 1). The Limited Liability Companies Act and the Cooperatives Act have also gone through several changes over the years, bringing these two business forms closer to each other. Differences will still remain in the future; for now it can be roughly said that the purpose of the limited company is to produce profits for shareholders and the purpose of the cooperative is to provide members with the best possible and affordable services. (Lehto 2012.)

2.8 THE WORKER COOPERATIVE

Pellervo Society (a service organization for Finnish cooperatives and a forum for cooperative activities) describes “new wave” cooperatives as a new generation of cooperatives that have been set up in different lines of business since the late 1980s (Pellervo Society 2014). The most relevant cooperative form to be mentioned in this context is the worker cooperative. Worker cooperatives and

invoicing cooperatives are sometimes mixed up, because they are so closely related. What differs a worker cooperative from any other company offering invoicing services is that a worker cooperative will typically require membership of its users and the users also own the cooperative. (Asunta 1999.) Examples on worker cooperatives are Työkkärix, Oma Duuni, Taidosto and Inetti.

According to Juhani Lehto (2014), specialist in new generation cooperatives in Pellervo Society, there are approximately 1500 - 2000 worker cooperatives in Finland today. It is likely that also cooperatives that function exclusively as invoicing channels are included in the estimation. The worker cooperatives are providing work in first hand for their members. Since the job assignments in worker cooperatives are contracted and supervised within the organization, will the worker cooperative's members typically be considered salary employees (Hänninen 2013), given that the members' share in the cooperative is less than 15 % each (Unemployment Insurance Act 1, 6 §). There are however worker cooperatives that also provide invoicing services for individuals who are not members, so the line between worker and invoicing cooperatives is not always strictly drawn. Members of a cooperative have the advantage of receiving their fair share of the surplus of the cooperative; an advantage that a non-member who uses a cooperative only as an invoicing channel does not have.

According to Karjalainen, about 30 new worker cooperatives were established in 1994, only a few existed before. They were created by unemployed individuals who offered their know-how and different services to clients. As a cooperative, they formed a team of diversified expertise. The individuals often saw their possibilities of getting traditional employment as weak, but they did also not want to become entrepreneurs. Typical features for the Finnish worker cooperatives were, from the worker's point of view, alternation between work and unemployment. Therefore, the monthly income consisted of both salary and unemployment benefits. These worker cooperatives functioned as the employer of their working members and

took care of the employer's contributions and obligations. (Karjalainen 1995, 5-6; 9.)

Karjalainen states that the motives for establishing worker cooperatives was the possibility of self-motivated and risk-free employment, without the need of big capital investments, while keeping the right to unemployment benefits (Karjalainen 1995, 9). Considering the insecure economic situation today, it is worth noting that as mentioned by Karjalainen (1995, 7), the establishment of worker cooperatives in Western market economies were considered to be a consequence of the economic crisis at the time as well as a consequence of following (see Lindqvist, L – J: Kooperation och framtid. LOA nr. 6-7/89):

- increased unemployment threat
- technological changes and rationalization of work
- societal changes and experiments that were made; traditional approach to work and career were questioned

2.9 APPROACH OF THE EMPLOYMENT AND ECONOMIC DEVELOPMENT OFFICE

As required by the Unemployment Insurance Act, the Employment and Economic Development office has the task of verifying the labour policy conditions for receiving unemployment benefits and issue a labour policy statement on the applicant's eligibility for unemployment benefits, when the applicant wants to apply for them. Their decision on whether an applicant is considered entrepreneur, salary employee or own work performer has an impact also on the conditions of Kela or the unemployment fund for granting insurance. The labour policy statement provides a binding opinion on whether the applicant meets the labour market policy criteria for claiming unemployment benefits, as laid down in legislation, and whether the applicant is considered eligible by the Employment and Economic

Development Office. It is notable that a favourable labour policy statement from the Employment and Economic Development office is just a part of the criteria for receiving unemployment benefits from Kela or the unemployment fund. The issuer of the unemployment benefits always makes the final decision. (TYJ 2014b; Kela 2013.)

The Employment and Economic Development office is bound to follow instructions from the Ministry of Employment and the Economy and interpret them accordingly (Unemployment Insurance Act 1, 4 §). When a user of invoicing services wants to apply for unemployment benefits, it must always first be excluded that the applicant cannot in any way be considered an entrepreneur, in accordance with the instructions regarding invoicing services that have been previously mentioned.

Work is considered salary or wage work if the applicant has personally contracted to work for an employer under the employer's supervision and management in exchange for a salary or other compensation (Chapter 3.1 in the instructions of the Ministry of Employment and the Economy on labour policy conditions for unemployment benefits for entrepreneurs). The applicant must present a contract of employment or other proof that the relation to the cooperative, the limited company or the other organization can be considered an employment relationship. It is also required that the organization can be considered holding the position of employer. Being considered employer requires that the cooperative, the limited company or the other organization in question carries out business activities like for example offering those services in its own name, that the employee has been employed to do. (Chapter 10 in the instructions of the Ministry of Employment and the Economy on labour policy conditions for unemployment benefits.)

When the possibility of the applicant being an entrepreneur is excluded, and the conditions for salary employment are not met either, then the Employment and

Economic Development office determines whether the applicant's right to unemployment benefits should be based on regulations regarding own work performance. Also an applicant who uses a limited company or another organization that takes care of marketing, invoicing and other corresponding tasks, will be evaluated in the same way. (Chapter 10 in the instructions of the Ministry of Employment and the Economy on labour policy conditions for unemployment benefits.)

2.10 APPROACH OF UNEMPLOYMENT FUNDS

The decision of the unemployment fund on whether to grant an applicant unemployment benefits or not is dependent on the individual statement from the Employment and Economic Development office. The fund will reject the application if the statement says that the applicant has no right to unemployment benefits. If the Employment and Economic Development office has categorized the applicant as an own work performer, the applicant can typically receive unemployment benefits if other criteria is fulfilled as previously described, although the work will not meet the employment condition. Here is an extract from the guidelines on interpretation of the Unemployment Insurance Act 1 § by the Ministry of Social Affairs and Health, the institution that provides guidelines for the unemployment funds:

“Companies that only intermediate work (except staffing companies) and for example only take care of the work performer's accounting, invoicing, and salary payment cannot be considered the work performer's employer. Such companies are not themselves engaged in the business that the worker performs on his/her own account, they only offer support services based on the work performer's membership or agreement. The agreements based on these support services do not oblige the work performer to work for the company that offers these support

services. The work performer is in such situations self-employed or an own work performer and not a salary employee, unless an employment relationship is created between the work performer and his/her client. A company that offers support services can of course be in employer's position for anyone who works in their own business for example as invoicer or payroll clerk". (Ministry of Social Affairs and Health 2013, 28.)

The unemployment fund YTK (Yleinen Työttömyyskassa) explains their viewpoint this way in 2013 (translated from Finnish):

"Unemployment funds need to consider whether work force, that is mediated through invoicing cooperatives and other companies, can be considered work within an employment relationship or not.. Interpretation of the law is particularly challenging when the organization that mediates work force only acts as biller and does not particularly perform any activities in the work field in question. Therefore the cooperative cannot be considered employer within the context of the Employment Contracts Act. A person working through a cooperative will in these cases be considered employed in his/her own work. Work within these frames does not count toward the employment condition. Own work is not done in accordance with the Employment Contracts Act § 1, but it is also not particularly to be considered work of an entrepreneur. The unemployment fund can still pay adjusted earnings-related allowance during such a work period, if the member of the unemployment fund has had the employment condition met previously in another employment relationship". (YTK 2013.)

Here is a similar viewpoint from the unemployment fund IAET 2014:

"Only work in an employment relationship can be credited towards the employment condition. The existence of an employment relationship requires that all

qualifications for an employment relationship are met. Such qualifications are contractual employment, doing compensational work to another, and that the work is done under employer's management and supervision. The decision on whether the employment relationship exists is always done separately in each individual case and it is based on the actual conditions prevailing during the employment. If the cooperative itself offers services, or practices business, can work done in such a cooperative be seen to be done in an employment relationship, which fulfils the employment condition. When the qualifications for employment relationship are met, the fund must find out if the employer can supervise the employee's working hours, and how that supervision is organized in practice. If the working hours are not supervised, adjusted allowance cannot be paid." (IAET 2014.)

All unemployment funds for salary employees have, at least officially, similar views. It needs however to be pointed out that many situations are unique and interpreted case by case, so different interpretations of guidelines can randomly occur, although the guidelines regarding invoicing services are rather clear-cut.

2.11 COMPANIES THAT OFFER INVOICING SERVICES IN OTHER COUNTRIES

Invoicing services and similar forms are used worldwide. The concepts in some other countries have been looked at in order to see what similarities and differences there are and if something could be learnt from other countries.

The only identified source with an international listing of companies that offer invoicing services worldwide is found at the website Rent An Employer. The website is hosted by Fredrik Arvas, a Swedish expert in the field who also has ran his own invoicing company and has studied the concept for many years. It is stated on the website that there are companies that offer invoicing services in 49

countries of which 24 are European. The UK has the highest number of approximately 150 companies that offer invoicing services. France comes second with about 125 and Sweden has about 45. (Arvas 2014.)

When it comes to the concept outside Europe, it is worth highlighting USA, because the number of these companies are estimated to around 700 on the website Rent An Employer. They have existed for about 30 years in USA and are called PEO's (Professional Employer Organizations). The same employment form does not exist there due to different legislation, but PEO companies are considered the counterpart to European umbrella companies. The most notable difference between a PEO and an invoicing company is that the PEO user is an employer. Small- and medium-sized businesses outsource everything to these companies from administering the payroll and paying employment related taxes, to risk management, recruiting, providing health benefits, and securing workers' compensation coverage. It is therefore slightly different in that the PEO relationship involves a contractual allocation and sharing of employer responsibilities between the PEO and the company that uses the PEO services. This shared employment relationship is called co-employment. (National Association of Professional Employer Organization 2014.)

For comparative reasons, a short description of the invoicing service model in Sweden, England and France will follow. These are the three European countries where the numbers of companies are highest. It is worth mentioning that the nature and the functioning of the concept of invoicing services have slightly changed over time along with changing legislation in some countries and the concepts are also adapted to the legislation in the country in question. No reliable source or research has been identified that would confirm from which country the idea of invoicing services initially originates.

2.11.1 SWEDEN

Invoicing companies in Sweden are called “egenanställningsföretag” which directly translates to self-employment companies. The employment form that corresponds to own work performance is officially called self-employment in Sweden. The functioning of the typical Swedish invoicing companies do not seem to differ much from the typical Finnish ones, but there are more of them in Sweden and they are given more attention. According to a report by Arvas called “Egenanställning – en väg till arbete för långtidsarbetslösa (Self-employment – a road to work for long-term unemployed)” in 2012, it has been estimated that approximately 20 000 persons in Sweden used invoicing services in 2012. Another estimation is that approximately 4000 persons were doing it full-time in 2011. A little less than half of the self-employment companies offers mainly invoicing services, while the other group offers invoicing services as an additional service alongside for example accounting services. (Arvas 2012, 23; 28.)

The approach of Swedish authorities in unemployment matters is not very different from the Finnish one; Swedish users of invoicing services also face difficulties having their employment form recognized. According to Arvas report from 2012, based on interviews, Swedish unemployment funds tend to apply the guidelines somewhat differently regarding payment of unemployment benefits to users. They also tend to have different views on the use of invoicing services. Some of them (who do not simultaneously have salary earnings) might get unemployment benefits between job assignments and some might not, even if their situations are similar; the outcome depends on the interpretation of the fund in question. It does not seem to have as much to do with the employee's situation as it has to do with how the situation is reported to the unemployment fund (Arvas 2012, 32). Swedish users of invoicing services are thus at higher risk of being left completely without unemployment benefits, while Finnish users typically will receive at least labour market subsidy between job assignments, given that the work is considered part-

time. One progress in Sweden is that the employment form has received recognition from the tax authorities, which means that they have now reached a decision on how the use of invoicing services should be regarded on their behalf (Skatteverket 2014).

Arvas founded the first Swedish self-employment company Vascaia AB in 1991 and sold it in 1999 (Arvas 2012, 80). He wrote a master's thesis in 2011 about self-employment in Sweden, UK and France and their impact on job-creation. Here are a few of his recommendations based on his findings, the ones that are most relevant from a user's perspective in our invoicing service model have been picked out (Arvas 2011, 72-73):

- more international cooperation with research to prove the efficiencies of umbrella employment as a way into work
- use of government initiatives for entrepreneurial activity as a way to find work for unemployed people.
- differentiation between umbrella employment as a job-hunting and self-supporting work. The first could be assisted by close monitoring and clear rules from the unemployment governmental bodies, while the other should be treated like an ordinary employment.

The biggest self-employment company in Sweden is Frilans Finans Sverige AB that was founded in 1998. Frilans Finans also operates in Norway. Their business has grown substantially during recent years and in 2011 they had a market share of 47 per cent (Arvas 2012, 24). According to their own web pages, they have approximately 5000 employed freelancers (Frilans Finans 2014).

Sweden has an industry association, Egenanställningsföretagens branschorganisation, that was founded in 2012. In May 2014 it is stated that there

are 9 member companies which represent the largest Swedish self-employment companies. (Egenanställningsföretagens Branschorganisation 2014.)

There is also a network called Nätverket för Egenanställningsföretag with the aim to create a forum where companies in the field can share experiences and discuss common problems. (Nätverket för Egenanställningsföretag 2014.)

2.11.2 UNITED KINGDOM

This is where the highest number of invoicing services is found in Europe. The first PAYE (Pay-As-You-Earn) umbrella company history is believed to have started around 1999. There may have been umbrella companies prior to that but few freelancers used them. Most freelancers, instead, used limited companies (McLaughlin 2013.)

An umbrella company in the UK is an organization that acts as an employer to agencies or independent contractors who are working under a fixed term contract. Umbrella companies tend to be used by those on short-term contracts in between permanent roles or by those long-term contractors who do not want the added workload and paperwork of running their own limited company. In its simplest terms, a PAYE umbrella company will process timesheets and expenses on behalf of the individual and issue an invoice to the client on behalf of the contractor. When payment of the invoice is made, it will typically pay the contractor using through a standard PAYE model, having first processed all allowable expenses on behalf of the contractor. These expenses could include travel, subsistence, training or accommodation costs incurred whilst completing the assignment. Individual contractors are an umbrella companies' primary audience. While umbrella companies are largely used by contractors, they do also offer their services to recruitment agencies and in-house hirers. (McDonald 2013.)

Arvas (2011, 2) describes the difference between the two client groups of umbrella companies in the UK: Agency-workers have been hired by a contracting agency and are collectively employed through an umbrella company (umbrella agency employment) and consultants individually invoice their own client through the umbrella company (umbrella entrepreneurial employment). Most of the UK umbrella companies offer both agency and individual services. It is estimated that 14% of the UK's professional contractors are currently managing their business by working through an umbrella company (Parasol 2014).

Defining employment status is not simple in the UK either when it comes to the use of umbrella companies. Employment Tribunals and HMRC (a department of the British parliament which is responsible for the collection of taxes and the payment of some forms of state support) may consider different factors when categorizing employment forms, as there is no single legal definition. There are three different types of working individuals in the UK (FreelanceAdvisor 2013):

- Employee
- Worker (someone who works on a e.g. casual basis or is an agency temp)
- Self-employed (i.e. a freelancer or contractor)

It is stated on the website FreelanceAdvisor that employees generally have more employment rights than workers and those who are self-employed. A self-employed person is closest to an entrepreneur. There is no single thing that completely determines the employment status and there is no single legal test to determine if the user is an employee or a worker. Based on facts from websites and particularly the one of Umbrella Companies 2013, there are many indications that a user of an umbrella company is considered an employee when the contract is made directly with the umbrella company (add source). It can be further read on FreelanceAdvisor that agency workers ('temps') are paid wages by the Agency who finds them work (or if the user is a contractor, s/he may get work through an Agency but an Umbrella company pays the wages), and the company that hires

them pays a fee to the Agency for their work. It needs to be mentioned though that the advice given on the website FreelanceAdvisor is guidance only and cannot be taken as an authoritative or current interpretation of the law. It can also not be seen as specific advice for individual cases. (FreelanceAdvisor 2013.)

The sources indicate that the users of umbrella companies do not naturally fall into a specific category in the UK either. This is not surprising since there is not just one way of working through an umbrella company. If a user approaches an umbrella company directly and asks them for a fixed-term contract for a short period, s/he is likely to be considered an employee, and that status will typically generate least problems with regards to applying or unemployment benefits.

2.11.3 FRANCE

Companies that offer invoicing services in France are called “les portages salarial”, which means “wage portage companies”. This concept first appeared in 1988 at the initiative of two associations called HEC and AVARAP (Bréchet 2012).

According to information from the website of Syndicat National des Entreprises de Portage Salarial SNEPS (French National Union of Wage Portage Companies), a typical wage portage company has individuals as users. According to a manifest written by National Federation of Wage Portage Companies Fe.N.P.S (2014, 14;15), users of these companies are:

- 30 % who look for employment and find it more easily thanks to a wage portage company
- 20 % seniors, who do not find salary employment anymore but who want to maintain professional activities by using their knowledge and competence
- 20 % independent professionals, who want to develop their professional activities without having to undertake legal bureaucracy
- 15 % future entrepreneurs, who want to test and validate their project before

establishing a company (and about 20 % end up establishing their own company within 2-3 years)

- 10 % graduates who look for a first professional experience, retirees and people who wish more control of their working time (e.g., women who wish to engage in an activity at a chosen time after a period of maternity leave).

The manifest reveals that the employment form suffers somewhat from lack of recognition and lack of clear legal status also in France. Beyond a definition in the law that was written in June 2008, no legislation and specific regulatory framework are framing this employment form, leading thus to legal uncertainty for all parties. (Fe.N.P.S 2014, 5). The reasons that are mentioned in the manifest as obstacles to categorizing users of invoicing services as salary employees are (Fe.N.P.S 2014, 17-18):

- the user has to get his/her own clients
- it is the user who chooses the invoicing company and not the invoicing company that chooses the user
- it is the user who creates his/her own remuneration through the revenue s/he produces

According to the manifest, the use of wage portage companies in France is closest to the employment form “auto-entrepreneur” (this is corresponding to own work performance); it is generally seen as a complementary solution to that status (Fe.N.P.S 2014, 21).

It is stated on the website of wage portage company l'Institut du Temps Géré ITG that a user of invoicing services can receive adjusted unemployment benefits under these circumstances (ITG 2014):

- the working hours do not exceed 110 hours a month

- the salary received does not exceed 70 % of the salary that was used as
- a reference when the current unemployment benefits were calculated
- the user stays registered as an applicant in the employment center

The agreement-based unemployment benefits scheme in France is managed by the National Union for employment in Industry and Trade (Unedic), which delegates the payment of benefits to the Employment Service (Pôle emploi) and the collection of contributions to the URSSAF (European Commission 2013, 6). The granting of unemployment benefits is therefore more centrally controlled in France. That could be a reason why there is relatively less confusion regarding use of invoicing services in France, compared to Finland. Finding relevant and precise information about the concept in France was also easy; the concept has clearly been given more attention and more recognition in France, although the situation is obviously not totally problem-free there either.

3 MANAGING OWN WORK

Users of invoicing services and small business owners have more similarities than differences; they work in the same way and they compete for the same customers in the same field.

3.1 BUSINESS IDEA

Own work typically starts with a business idea that you want to make profitable. It can be completely new; a new product, a new service or a new invention. It can also be an already existing business idea - the most typical way to start a business is in fact to use an existing business idea but implement it in a new and more competitive way or in a new market area. (Finnish Enterprise Agencies 2013, 6.)

New business ideas can be born in many different ways. According to Raatikainen (2012, 23-25), a business idea can for example originate from:

- systematical searching
 - ✓ business journals and business consultants are examples on sources that can bring business ideas
 - ✓ business ideas can also be found on sale and can be bought
- a gap in the market that is not filled yet
- an education that is connected to entrepreneurship (a creative education, construction, handicraft...)
- hobbies
- invention
- other countries

There is not just one unequivocal definition for a business idea. All ideas are still not business ideas. A business idea should have at least three things that can give it the characteristics of a business idea. Firstly, the business idea must indicate the problem or the need of the customer. The problem of the customer can for example be that a certain service or a certain product cannot be bought in Finland. Secondly, the business idea must indicate the solution of the problem of the customer, like for example providing a product or a service on a location where it has not previously been provided. Thirdly, the business idea indicates how to make money on the solution (so called income model). Publicity, a technical specification or an excellent product only is no business idea. (Keskuskauppakamari 2011, 8.)

The core in the business idea should be to produce added value for the customer. Also the importance of testing a business idea cannot be emphasized enough. There are discussion partners for this purpose: the municipal trade and industry representative, a bookkeeper, Finnvera Abp (a specialized financing company owned by the state of Finland and it is the official Export Credit Agency of Finland), insurance companies and banks. (Keskuskauppakamari 2011, 8.)

The use of invoicing services offers the possibility to safely test a new business idea in practice, without or before starting a company.

3.2 MARKETING YOUR OWN WORK

When an individual invoices job assignments through an invoicing company, s/he is still responsible for marketing his/her own work and finding clients, just like a small business owner. Some invoicing companies do however offer advice and help in marketing matters.

The client groups are to be determined in the marketing strategy, as well as the means for getting their attention. Important questions are: is there a need for new products or services? Or can already existing products or services be improved to meet the needs of the clients? However, sometimes a good product or service idea must reach broader markets in order to be profitable. Information about the clients is gathered as required. It is also essential to know who the competitors are and what their marketing strategies are. It is good to master competitive weapons in marketing and to figure out what one's own strengths and weaknesses are, in order to make it on the market. (Raatikainen 2012, 46.)

It is central to know the market and the activities of the competitors as well as understanding the needs of the clients. At the same time these factors also form the most critical bottlenecks, because most entrepreneurs tend to be product- and production-centered. The activity is often, at least in the beginning, centered around the product idea or the products. Holopainen also points out how common it is that first a product is made and after that it is considered to whom the product could be sold. The process should start from the needs of the clients; the modern marketing strategies today are more client-centered. (Holopainen 2008, 71.)

Examples on competitive weapons, where you can go in for being better than others, are (Kallio et al 2008, 101):

- product
- price
- availability
- marketing message
- strategic planning

3.3 SUITABILITY FOR OWN WORK

A&C Black (2008, 4-5) lists a few qualities that an individual should have in order to successfully perform own work. The more of these qualities, the more likely the individual is to fit for own work (and likely also opt for that alternative):

- happy to be the sole decision-maker
- happy to be alone and autonomous
- enjoy having choice and control
- organizational skills
- persistence and ability to complete projects and assignments on time
- ability to market oneself by building and managing networks

It is important to be clear about achievements. Most people need a structure and incentives to work: without them, it's all too easy to let things slip. When performing own work, these things need to be provided for oneself. In terms of approach, the most important quality is self-discipline and commitment. It is necessary to stay focused and productive even if things aren't going particularly well from time to time (as they do for everyone). (A&C Black 2008, 6.)

According to Bridge et al, it is businesses that create most jobs. Governments do directly create some jobs but, at least in capitalist societies, they are not the main sources of direct employment and they cannot themselves create enough jobs for everyone. Governments can however encourage businesses to create jobs, they can try to provide a supportive environment for the creation of jobs and they can legislate for people to have an equal opportunity to get the jobs that do exist. (Bridge et al 2003, 5.)

People themselves will have to be more proactive in arranging and managing their own economic activity if:

- a) a job for life is no longer either the norm or a realistic aspiration
- b) even a succession of different jobs may not always be easy
- c) businesses will contract out work rather than employing people to do it
- d) those who do have jobs will be working in smaller, more independent business teams or individually
- e) there will no longer always be an employer to find work, to arrange materials and facilities and to pay wages

There will be an increase in the number of people who, either from want or necessity, will be thinking and acting to establish their own smaller work units. That process has also been called "enterprise", and the change outlined above stimulated a desire for more of it and an exploration of what it involved. (Bridge et al 2003, 13.)

Bridge et.al further state that in addition to the benefits for individuals of being more enterprising, there are also perceived benefits to society of a more enterprising culture in general that would result in less dependence on government to address all society's ills. (Bridge et al 2003, 15.)

Entrepreneurial or enterprising attributes

Typical of the attributes identified by a variety of writers on the subject of entrepreneurship or enterprise are:

- Autonomy / independence
- Belief in control of one's own destiny
- Creativity
- Determination
- Flexibility
- Goal orientation
- Hard work
- Imagination
- Initiative
- Leadership
- Moderate rather than high risk-taking
- Need for achievement
- Optimism
- Perseverance
- Persuasive powers
- Problem-solving ability

Figure 3: Entrepreneurial or enterprising attributes according to Bridge et al (2003, 37)

4 RESEARCH METHODOLOGY

4.1 RESEARCH PURPOSE

Four basic approaches to, or designs for, research can be identified: action research, case studies, experiments and surveys. It should be said that this classification is not meant to be either definitive or exclusive. It simply recognizes the most common approaches used by those carrying out small-scale research projects. (Blaxter 2010, 67.) Both a case study and surveys methods have been used in this research as both turned out to be appropriate, even necessary, for a good result.

According to Yin (2003, 5-7), each method of choice has peculiar advantages and disadvantages, depending upon three conditions: the type of research question, the control an investigator has over actual behavioural events, and the focus on the contemporary as opposed to historical phenomena. In general, case studies are the preferred method when:

- “how” or “why” questions are being posed
- the investigator has little control over events
- the focus is on a contemporary phenomenon within a real-life context.

The first and third point particularly apply to this research – there are many “how”-questions being posed (more than “why”-questions) and the focus is on a contemporary phenomenon within a real-life context.

Another common way of viewing research is as exploratory, descriptive and explanatory approaches. Distinguishing among the various research methods and their advantages and disadvantages may require going beyond the hierarchical

stereotype. The more appropriate view may be an inclusive and pluralistic one: every research method can be used for all three purposes: exploratory, descriptive and explanatory. The boundaries between the methods are not always sharp. Even though each method has its distinctive characteristics, there are large overlaps among them. (Yin 2003, 3-6.)

An exploratory study is a valuable means of finding out what is happening; to seek new insights; to ask questions and to assess phenomena in a new light. It is particularly useful if you wish to clarify your understanding of a problem, such as if you are unsure of the precise nature of the problem. There are three principal ways of conducting exploratory research: searching literature, interviewing experts in the subject and conducting focus group interviews. (Saunders et al. 2009, 139-140.)

The object of descriptive research is to portray an accurate profile of persons, events or situations. This may be an extension of, or a forerunner to, a piece of exploratory research or, more often, a piece of explanatory research. It is necessary to have a clear picture of the phenomena on which you wish to collect data prior to the collection of the data. (Saunders et al. 2009, 140.)

Studies that establish causal relationships can be referred to as explanatory research. The emphasis here is on studying a situation or a problem in order to explain the relationships between variables (Saunders et al. 2009, 140).

Both exploratory and descriptive approaches were used in this research. Search of literature has been done and experts in the field have been interviewed, as presupposed in an exploratory research. The exploratory approach was obvious from the beginning, because it is a suitable approach for situations where there are no earlier studies to refer to and when the problem does not have a clear definition. There is a strive to providing a better understanding of the topic. The descriptive

approach comes particularly from the search of providing an accurate and factual description of a phenomena, a trend.

Saunders et al. point out the risk of making the work too descriptive; it is important to remember to also draw conclusions from the findings and not just provide a thorough description. If the research project utilizes description, it is likely to be a precursor to explanation. Such studies are known as descripto-explanatory studies, which is the most appropriate description of this study. (Saunders et al. 2009, 140.)

4.2 RESEARCH STRATEGY AND APPROACH

Mixed methods approach was used in this research. Mixed-methods research is growing in popularity and represents using the “best of both worlds” by combining qualitative and quantitative techniques to more fully answer a research question. Many techniques, such as interviews, used in traditional quantitative research can be adapted for qualitative purposes. (Weathington et al. 2012, 415.)

The main method in a mixed research may, for example, be a questionnaire survey, or a set of interviews, or a series of observations, but this is likely to be complemented, at the very least, by some documentary analysis to enable the researcher to explore the relevant research or policy literature. There are good reasons for deliberately seeking to use more than one method in the main body of the research. The researcher may follow up a survey with some interviews, in order to get a more detailed perspective on some of the issues raised. The telling anecdote may be much more revealing and influential than almost any amount of figures. The reverse process is also possible. Where two or more methods are used in this way, to try to verify the validity of the information being collected, the process is referred to as triangulation. This kind of approach should be carefully considered if resources allow. (Blaxter 2010, 205.)

Although quantitative research is designed to empirically identify the presence and magnitude of differences between individuals and/or groups of individuals, qualitative research is typically more focused on sense making in a purer sense. Quantitative research is also typically designed to test predetermined hypotheses that are formed based on existing theory (a deductive process), while qualitative research often functions to develop theory from the data that are collected (an inductive process). With these two distinctions in mind, it is also often suggested that qualitative research tends to focus more on rich description of a phenomenon than on its quantification. (Weathington et al. 2012, 398.) Despite the differences in these two general approaches to research, there are times when it is appropriate to combine these methods. Such combination can take place during any of the several stages of the research process, from identification of research questions and hypotheses, through sampling and selection of participants, through the actual collection, analysis, and interpretation of the data. In many cases, these two approaches may be mixed at more than one stage of the process. (Weathington et al. 2012, 400.)

Weathington et al. (2012, 401) also list some typical situations where qualitative or mixed methods may be a good choice (adapted from Silverman 2005), almost all these situations are found in this research as well:

- you are not totally sure what the question is that you are trying to answer, but you know where you might start looking for relevant information
- your goal is to study a particular phenomenon within its natural context, in detail
- other researchers who have studied this topic have relied on qualitative or mixed methods (and you agree with this approach)
- other researchers have relied on quantitative methods to study this issue (and you disagree with this approach and want to try something else)
- it is feasible/practical for you to engage in qualitative inquiry given your

available resources (i.e., you have a fair amount of time and interest)

- you feel you will learn more about the topic using these methods than quantitative techniques alone
- you feel sufficiently comfortable with qualitative or mixed-methods research techniques to use them.

The outcome of this research turned out to be different from the original plan. In addition to the survey, two or three users of invoicing services were supposed to be interviewed, as a completion. The survey was therefore created with completing face-to-face interviews in mind. However, enough users of invoicing services that could be interviewed were not found within the time constraint and with the available means of searching. It was thus decided that conclusions will be made only on basis of the other materials. It turned out to be enough for providing findings.

Other interviews and discussions took place with several experts in the field. The interview with Valta was the only one performed in person, the rest took place by e-mail and by phone. A questionnaire (Appendix 2) was sent to the target group, which was all the users of Eezy's marketing portal Jobit. The most important reason for this choice is that these users are at the moment the only accessible invoicing company users on internet. They have their official profiles on the website with their e-mail addresses, so they could all be reached by e-mail. During March 2014, the survey was sent to all 182 users of Jobit. Priority was put into making the questionnaire as short as possible and only asking relevant questions, in order to increase response rates. However, if it had been clear from the beginning that the survey will be the only interaction with users, it would have been made more extensive. No demographic questions were asked, because such questions were not considered relevant for the result. Instead there were many open-ended questions, because they enable respondents to freely express their opinions and views, which will add depth to the questionnaire. It will also add to the

representativeness.

4.3 CASE STUDY AS A RESEARCH METHOD

Case studies have become one of the most common ways to do qualitative inquiry, but they are neither new nor essentially qualitative. Many case studies are both qualitative and quantitative. Case study is not a methodological choice but a choice of what is to be studied. By whatever methods, we choose to study the case. We could study it analytically or holistically, entirely by repeated measures or hermeneutically, organically or culturally, and by mixed methods – but we concentrate, at least for the time being, on the case. (Stake 2000, 435;449.)

The topic in this research is approached as holistically as possible, because it is a new research area in Finland. However, when it came to gaining deeper understanding and insights in the field, it was necessary to have one company as a case study for this purpose. According to Stake (2000, 436), we may be interested in a general phenomenon or a population of cases more than in the individual case, and we can also not understand this case without knowing about other cases. But while we are studying it, our meager resources are concentrated on trying to understand its complexities. Stake also points out that a single or a few cases are poor representation of a population of cases and questionable grounds for advancing grand generalization. The purpose of a case report is not to represent the world, but to represent the case. Criteria for conducting the kind of research that leads to valid generalization needs modification to fit the search for effective particularization (Stake 444;448, 2000.)

Case study is, according to Gillham, a main method. Within it different sub-methods are used: interviews, observations, document and record analysis, work samples, and so on. Data accumulated by different methods but bearing on the same issue

are part of what is called the multi-method approach. Different methods have different strengths and different weaknesses. If they converge (agree) then we can be reasonably confident that we are getting a true picture. If they don't agree then we have to be cautious about basing our understanding on any one set of data. That doesn't mean that one set of data is wrong (or any of them) but that the picture is more complicated than we expected. Very broadly, the case study researcher must strive to keep an open mind, to go on looking for data, deferring analysis until the array is comprehensive (and not stop completely even here). (Gillham 2010, 13.)

The case in this research, Eezy Osk, has been studied with different methods. The most relevant one is a recorded face-to-face interview with Valta. Their website, articles and other documents have also been important in order to get an objective perception of the case from many angles.

5 FINDINGS

5.1 SURVEY

The online survey and analysis software tool Webropol was used for creating and sending the questionnaire. The respondents were approached by e-mail with a link to the survey. The respondents were ensured that their responses will be treated and displayed with full anonymity and they were also given an opportunity to contact the researcher in case they had any further inquiries. It was important to enhance the trust of the respondents and motivation towards participating in the survey. The questionnaires were sent for the first time to 182 respondents (which is all users on Jobit with an accessible e-mail address) on 9.3.2014 and a reminder was sent 19.3.2014. Totally 66 questionnaires were returned, so the response rate was 36,2 %. It turned out that many were also passively registered and not using Eezy services anymore at all, some did not even remember that they had a profile there. That could have contributed to lowering the response rate, because passive users most likely ignored the survey, although some passive users did respond. The questionnaire was in Finnish only, because Finnish users were in such a great majority so it was unlikely that losses of some respondents due to a language barrier would pose a problem. The questionnaire has been translated to English in Appendix 2. The results were analyzed and treated manually.

The majority of the respondents are in the graphic field (21 %), the construction field (21 %) or other (19,7 respondents). All fields were represented, to a larger or smaller extent. Table 4 shows a steady increase in the number of users over the years – only one user has been using Eezy services since five years and 30 users have registered in the last year. The respondent group is too small for making conclusions, but it could be noted that these results match the general trend of an increasing number of individuals who use invoicing services.

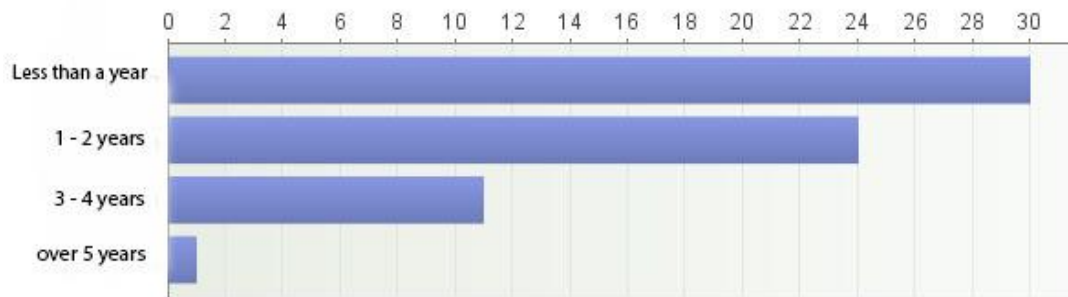


Table 4: The table shows an increase in the use of Eezy services

In the third question it is asked about the respondents' situation regarding the amount of own work that they do and, at the same time, whether they receive unemployment benefits to some extent or not at all. The respondents could choose several alternatives. A fourth of the respondents claimed to have salary work at the same time as own work, a little less than a fourth is occupied full-time with own work (18 %) and another fourth does own work part-time or on request and receives unemployment benefits at the same time (28,7 %). Ten respondents claimed to do own work part-time or on request but without applying or receiving unemployment benefits at the same time. This question should have been put differently, it does not give a simple picture of the situation because:

- those having salary work and own work at the same time can be the same respondents who also do own work part-time or on request but without receiving unemployment benefits at the same time (which they would naturally not apply for due to having also salary work)
- the limit between those being occupied full-time, part-time or not at all with their own work can be vague, because situations can change quickly. The respondents likely chose their answers according to their situation that very week or month.

Here are examples on a few situations that were mentioned in the open answer alternative field:

“I’m on child-care leave and have job assignments invoiced through Eezy”

“I’m retired and I get some extra income from job assignments invoiced through Eezy”

“I study at the same time”

“I’m completely unemployed”

Only about a third of the respondents specified what kind of unemployment benefits they receive, when this was asked next. 14 respondents claimed to receive adjusted unemployment benefits and 7 respondents claimed to receive full unemployment benefits, which indicates that the latter group is completely unemployed at least for longer periods, given that the respondents had understood the differences between the two unemployment insurance forms correctly.

One important open-end question was whether the respondents think that using invoicing services makes receiving job assignments easier. 42 % answered positively on this question and 47 % answered negatively. In order to get some more insight, some comments will be stated here:

“yes, especially if you advertise and manage customers well”

“for small works and projects, this is a very good option. No one employs anyone for a task of a few hours, although the schedule can nevertheless drag on for weeks or months”

“this is a very important tool. Customer contacts are varying and contract-natured, in which case it is important that the work carried out can be invoiced according to the content and that short-term contracts without longer commitment can be accepted”

“not exactly easier, but it is currently the only way to invoice my clients”

It was also relevant to ask for the most important reasons to why they are using invoicing services. They were asked to list maximum three reasons, and this question was made open, so that they would answer honestly and not be misled by ready-made answer alternatives. Most respondents are using Eezy services for the helpness of it, which was the most common answer. Here is a selection of other reasons:

“it is not easy to get employment when you are over 50, so invoicing services are a good option”

“I consider entrepreneurship and I learn how to work in an entrepreneurial manner through Eezy”

“the legal obligations that come along when you have your own business are difficult and take time “

“possibility to receive unemployment benefits”

“no need for capital investments”

“my job commissioner only wants to be invoiced and not pay salaries”

“Eezy also pays my pensioner’s insurance”

“if I don’t get job assignments for a month I won’t have any expenses either, as opposed to entrepreneurs”

“an easy way to test ‘entrepreneurship’ while being a salary employee”

“after trying hard to look for a job, nobody employed me, so this was the only chance to have work at the moment”

“I get my salary immediately”

“I can choose which job assignments I want to take”

“if starting up my own business becomes reality one day, I will still have the right to start-up grant”

The respondents were also asked what they would likely be doing if invoicing services did not exist at all. This was an attempt at perceiving what invoicing services are replacing. Most respondents (41 %) state that they would have their own company in such case. 32 % would not offer their own work at all and 30 % claim that they would work with a freelance tax deduction card (without owning a company). Other comments from the open alternative answer field that are worth mentioning, because they were stated several times, are:

“I would probably be unemployed”

“I would work in the grey market”

“I would probably be in an employment relationship”

The good and bad sides of invoicing services were asked in separate open questions. The best fact about invoicing services is according to the respondents the helpness of using the services; it is by far the most frequently mentioned opinion. Other facts that are commonly mentioned are:

- you keep your right to unemployment benefits
- no risks involved
- freedom

When it comes to the bad sides, the most commonly listed fact is the service fee, that some also think is too high. Other facts that are commonly mentioned are:

- deducting the costs of working tools and stock in the taxation is difficult or impossible
- the work does not count toward the employment condition
- invoicing services and the functioning of it are not commonly known among clients

The last question was whether they consider entrepreneurship in the future, or if it is more likely that they stay as a user of invoicing services. 44 %, almost half, claim

that they will most likely keep using invoicing services. 18 % claim that they seriously consider, or will become entrepreneurs in the future. In that group is also included a few who already had become entrepreneurs, but they still had their profile on Jobit. The rest of the respondents either consider, or will become entrepreneurs when something *changes* (for example when their clientele is big enough, the yearly income is big enough or legislation becomes more favourable for entrepreneurs).

Finally the respondents had the possibility to give free comments. Many wants to recommend Eezy and invoicing services and the feedback is exclusively positive. It is also mentioned several times that invoicing services should get more visibility in media and official discussions should take place in order to raise awareness and remove suspiciousness on the use of invoicing services.

The users' general positive attitude towards Eezy and invoicing services is significant. This is particularly notable since so many respondents also used the free comment field to give positive feedback on invoicing services. Some even expressed appreciation for such a survey being carried out, because they want invoicing services to get more visibility and recognition. Two commonly expressed frustrations can be spotted – the lack of knowledge about invoicing services among their clients and the rigorous approach of authorities towards their work in unemployment benefits matters.

The results cannot be considered representative for the whole Eezy clientele and even less for all users of invoicing services, because the sample is too small. No reliable conclusions regarding the respondents' work situation, as well as their unemployment benefits situation, can be made. Instead were the open answers most valuable, because they revealed the feelings described above: their appreciation towards the possibility of using invoicing services and their frustration

towards the approach of authorities. The open-end questions also enabled answers that closed questions could not have generated – some spontaneous improvement suggestions, some unexpected situations or some unique problems.

5.2 OTHER COMPANIES THAT OFFER INVOICING SERVICES IN FINLAND

In order to shed clearer insight, it was necessary to search for other companies that offer invoicing services for individuals in Finland in 2014. The names of active companies in 2012 can be found in Figure 2, but some of those companies are not active anymore and some new companies have entered the market. There was no other way of finding these companies but through web search using certain keywords, as well as informally asking actors in the business for completion and searching for the companies' web pages afterwards. The list can be found in Appendix 1. It cannot be considered 100 % complete, since particularly smaller and newer companies are harder to find and might not have registered the key words that make them easily searchable on Google. Companies that offer invoicing services only as an additional service are also more difficult to find, if it is not their main service, and particularly if the company also is small. Companies that offer those services in a smaller scale, without for example targeting the big public with extensive internet marketing, are also not necessarily as easily found as the ones with more visibility. The company with most visibility in internet at the moment, thanks to very lively internet marketing, is Ukko.fi.

There are some companies that differ quite strongly from the typical, but they are still included if they offer invoicing services and pay remunerations as salaries, because exceptional features will be on the list anyway. Worker cooperatives, that also require membership from their users, have been excluded so that the focus can be on the particular group of companies whose invoicing services can be freely used by anyone who owns a Finnish tax deduction card.

The typical common feature for all these companies is that they pay remunerations to their users as salaries; they are therefore formal employers and responsible for paying employer's contributions to the Finnish tax administration and the insurance companies in question. Some exceptions to this rule have been detected and they will be stated in Appendix 2. The employer's contributions consist of (Finnish Tax Administration 2014):

- Group Life Insurance for Employees
- Earnings-related pension insurance (TYEL)
- Accident insurance
- Unemployment insurance
- Social security insurance

Additionally is also withholding tax reduced as well as pension contributions which are 5.55% of the salary and unemployment insurance contributions which are 0.5% of the salary in 2014 (Veronmaksajain Keskusliitto 2008). Some companies charge extra administrative fees for example for sending invoices or handling additional receipts. Pricing policies are typically stated on the company's website.

A user of invoicing services will not be compensated for sick leave. In case of long-term sickness, the user can apply for sickness allowance from Kela after 9 working days (Kela 2012b).

All companies listed in Appendix 1 have also been approached by e-mail with completing questions. Additional information that was not found on their websites has been asked for and some facts from their websites have been verified. Not all companies replied, so some facts are based only on the company's website, but

those facts are considered reliable enough to include.

One particular thing that was noticed, based on facts from the companies' websites and also some e-mail responses, is that the employer responsibility seems to be perceived differently by the companies. Some state that they do take full employer responsibility, while others are more cautious with that statement, although they all formally have the same employer responsibilities. However, full employer responsibility is not always taken in all situations by the company alone; there are companies that in all cases or in some cases, due to the nature of the job assignment in question, share the employer responsibility with the client of the user. Most companies also have an additional liability insurance. Details have not been gone deeper into and every fact is not stated on every matter for each company, since that would have required a presentation of each company specifically. It was part of the original plan to include also the companies' turnover, since it says something about their size, but this information had to be left out in the end because the turnover information from 2013 was not yet published on internet by the time of finalizing this research. Facts had to be limited, therefore is the focus on these facts:

- Year when the company started offering invoicing services
- Service fee (without value added tax)
- Field(s) or location(s) that are particularly represented among the users (if any)
- Other services that the company (possibly) offers
- The companies' websites
- Other comments

Number of registered users has not been asked for, because that number says nothing about the amount of active users; a user can be passively registered without actually providing any invoices. The “Other comments”-box is where features that make the company more or less differ or stand out from what is considered typical for an invoicing company are mentioned. It must be pointed out that only essential features are mentioned, and more importantly, features that have come to the researcher’s attention from either the company website or directly from the company by e-mail.

Since the word “typical” is used quite often, a few common characteristics of a company that offers invoicing services will be mentioned below. Apart from the employer status and salary payments mentioned previously, these characteristics apply to most companies:

- All necessary interaction between the user and the invoicing company happens mostly or entirely on internet
- Free registration; costs only arise in conjunction with an invoice
- The invoicing companies do not exercise any particular expertise or business in the fields of the users - they mainly serve as invoicing channels
- A higher service fee percentage is applied at first when the invoice amounts are small, and when the total of the invoiced amounts grows bigger, the service fee gets smaller (unless the service fee is fixed)

5.3 CONCLUSIONS

This is a way into employment that should get more recognition. Many work opportunities might go lost in cases where this way of performing work is not known. It is not feasible, nor practical, for everybody who wants to sell their own

work or services to start a company. When an individual chooses to use invoicing services, there are benefits for all stakeholders:

- the user has the freedom of choosing which job assignments to take and how to price them, and if job assignments are scarce, s/he has the possibility to apply for unemployment benefits
- the client pays only for the desired work performances per invoice
- the invoicing company gets a share of the invoiced amount as income

Additionally, also the state gets its taxes and grey economy decreases. There is something in it for everyone, no stakeholder is losing out in this concept. It is lamentable that legislation rather works against a concept, that creates employment, instead of working for it. Users of invoicing services should be in the same position as traditional salary earners in unemployment allowance matters, because the same unemployment insurance fee is deducted from the salaries of both these groups. Users of invoicing services should therefore have an unemployment fund where their work is recognized, enabling them to receive also earnings-related unemployment allowance. The circumstances around the use of invoicing services that are considered negative from the user's point of view are created by the involved legislative authorities as well as interpretations of the legislation concerned.

It is essential that the user understands exactly how the model works before s/he starts using invoicing services. The job assignments must be priced with all costs and deductions in mind; particularly employer's contributions, withholding tax and the service fee. The mentioned costs mean in some cases, although dependent on the service fee and the amount itself, that only a little more than half of the invoiced amount ends up as the user's net salary. If the client is an individual, also VAT must be included in the price. For these reasons it is important that the user knows

how to price the job assignments correctly, to make sure that s/he ends up with the appropriate amount. It can be said that employer's contributions and possible VAT are to be paid by the client, and not the user.

If the aim is full-time employment, and a stable customer base has been established, it is obviously at some point worth considering entrepreneurship with the possibility of employing a bookkeeper instead. Invoicing services are not in all situations the best and most profitable alternative. These are however situations where invoicing services can be considered particularly favourable:

- when testing a new business idea
- when performing a business activity part-time alongside salary employment, child care, retirement or studies
- other situations where the invoiced activity is not performed full-time

It is also worth pointing out the importance of the users to actively market their own work. Although some invoicing companies offer advice and tools for marketing own work, it still comes down to the user to get his/her clients. Marketing your own work is therefore a very important skill that is worth investing in.

The final and most important conclusion is that awareness and knowledge about this way of working must be raised. Steps need to be taken towards a more favourable legislation regarding the use of invoicing services. There should be an unemployment fund for own work performers that are not entrepreneurs. Many things could be learnt from other countries, particularly France that appears to have the most well-functioning model for invoicing services. There is no valid reason for this type of employment form not being recognized in Finland, because it opens up so many doors and creates employment. It also minimizes the need for grey economy, which is another important reason to why this employment form should be embraced. The development potential for this concept is also huge, it will be very interesting to see how things will develop in the coming years.

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Appendix 1

List of companies that offer invoicing services in Finland

Osk = Cooperative

Oy = Limited Company

Tmi = Business Name

COMPANY	Service Fee	Has offered invoicing services since	Possible field(s) or location(s) that are particularly represented among users	Other possible services	Website, other comments
Ab24 Oy	4 - 7 %	2009		- Staff leasing services - Resales - Business management consultancy - Other professional services	www.ab24.fi/
Apujoukot Oy	3 – 5 %	2012	Mostly used by individuals on disability pension and those who want extra income in Ostrobothnia	- Guidance and services for users who become entrepreneurs - Text production services - Content production online and maintenance of web pages	www.apujoukot.fi/ Offers invoicing services also to associations
Duunirahaksi.fi (Projektipooli Oy)	2 - 7 %	2012		Staff leasing services (Projektivoima Oy)	www.duunirahaksi.fi/
Easy Job 4U Osk	5,9 %	2011			www.easyjobi.fi/
Eezy Osk	3 – 7 %	2008		Jobit (marketing portal for clients)	www.eezy.fi Biggest market share in 2012 (see Appendix 1)
Finjob Osk	4 %	2013	Graphic design in Helsinki and Turku		www.finjob.fi/
Kanslia Osk	7 %	2006	Graphic design, photographing and translation in Turku / southern Finland		kanslia.com/
Odeal Oy	2 – 6 %	2009		Labour exchange / staff leasing services	www.odeal.fi
Omapaja Oy	Depends on the amount of the invoice(s)	2011		- Business advice and preparation/support for entrepreneurship - Staff leasing services - Practical training - Recruitment program - Marketing services	www.omapaja.fi Could be described as a "workshop" that promotes and supports employment
Palkka.eu (Metropole Art Tmi)	3-6% (index-based, see website for more information on pricing and other possible applicable fees)	2001		- Payroll services / payroll outsourcing for companies	www.palkka.eu/

COMPANY	Service Fee	Has offered invoicing services since	Possible field(s) or location(s) that are particularly represented among users	Other possible services	Website, other comments
PGS laskutuspalvelu / Professional Guide Service tmi	Depends on the amount of the invoice(s)	2013	Wilderness and nature guides	- Professional guide services - Branding services for wilderness guides	pgs.fi/
Popula Henkilöpalvelu Oy	6 - 9%	2012		Staff leasing services	www.popula.fi/
Suomen E-tunnus Oy	3 - 5 %	2013	Tampere, Pirkanmaa area		www.e-tunnus.fi/
Suomen Palkkiopalvelu Oy	3% +20 € / payslip (performances and day-to-day job assignments have different fees, more information on website)	2007	Popular for music and event organization	- Payroll services / payroll outsourcing for companies - Consultancy (contracts, legal matters and dept collecting)	www.palkkiopalvelu.fi/ - Pays both compensation fees and salaries dependent on the nature of the job assignment - Employer responsibility is in some cases shared with the job organizer
Suomen Yhhelp Osk	5 - 10%	2012			www.yhhelp.fi/
Taitajien Toimipiste Oy	3 - 6 %	2013			toimipiste.fi/
Työt Rahaksi (MV Factura / Moniverso Osk)	1 - 8%	2010			www.tyotrahaksi.fi
Työnsuorittaja.fi (HST-Monipalvelut Oy)	5 - 12%	2008	Satakunta and Pirkanmaa area	- Construction and renovation services - Marketing services - Home services	tyonsuorittaja.fi/
Ukko.fi (SLP Group Osk)	5 %	2012			www.ukko.fi
Unicoval Music Oy	5 - 10 %	2014	Music and culture	- Music Production - Promotion - Photographing - Record Sales	univocalmusic.com/ Employer responsibility is shared with the job organizer
Virtual Team Finland VTF Oy	5 - 8%	2010		Business consultation services	www.virtualteam.fi/
Yotos Osk	9 %	2012	Catering and construction field in the Pirkanmaa area	- Staff leasing services - Tax advice - Debt restructuring	www.yotos.fi/
Zalary Oy	4,9 %	2012			www.zalary.fi

Appendix 2

QUESTIONNAIRE

1. I offer services through Eezy in the field (multi-selection with own answer possibility):

- Entertainment
- Graphics
- Health and Beauty
- IT
- Translation
- Handicraft
- Property Maintenance
- Education, consulting
- Transport
- Sports
- Agriculture and Forestry
- Media
- Metal Industry
- Sales and Marketing
- Construction and Renovation
- Catering Business
- Cleaning and housekeeping
- Interiors and Architecture
- Office Work
- Other, what:

2. For how long have you had your work invoiced through invoicing services (closed selection)?

Less than a year

1 - 2 years

3 - 4 years

over 5 years

3. Choose one (or several) alternative(s) that best describe(s) your situation at the moment (multi-selection with own answer possibility):

I am employed with this full-time

I also have salary earnings besides these services

I offer my services on request or part-time and I also receive unemployment benefits

I offer my services on request or part-time and I do not receive unemployment benefits

Other situation, what?

4. If you receive unemployment benefits, choose the alternative that best corresponds to your situation (closed selection):

I receive adjusted unemployment benefits at the moment

I receive full unemployment benefits at the moment

5. Have you noticed if the possibility of using invoicing services has facilitated receiving job assignments (open-end question)?

6. List the most important reasons for using invoicing services, maximum three (open-end question):

7. If the possibility of using invoicing services did not exist, is it in that case likely that you (multi-selection with own answer possibility):

Would offer these services through your own company

Would work with a freelancer tax deduction card (without your own company)

Would not offer these services at all

Other, what:

8. In your opinion, what are the good sides to the use of invoicing services (open-end question)?

9. In your opinion, what are the bad sides to the use of invoicing services (open-end question)?

10. Are you considering entrepreneurship as an alternative in the future, or is it more likely that you stay with invoicing services (open-end question)?

11. Additional information and comments: