

# **Accidentally increasing the welfare system resilience in times of crises with digital accounts: the case of entrepreneur account as a social security solution for platform workers in Estonia**

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## **Abstract**

One of the wicked policy problems of the 21<sup>st</sup> century is how to adjust the welfare state with the new reality of work. Digitalization has enabled the explosion of atypical work, most notably dependent self-employment characterised by income insecurity and low level of social protection. State social security schemes have developed over time to protect workers in standard employment relationships who are mostly the ones financing the state social security budgets. Most notably, platform-mediated work exemplifies the social security challenges arising from ambiguous worker status, risks shifting to workers and crowding out the state social security budgets.

The paper explores the case of Estonian entrepreneur account as a solution to improve the social security position of platform workers. The paper relies on interviews with policy makers and account users in Estonia, in addition to analysis of relevant literature and documents. The entrepreneur account, established in 2019, offers a novel way to combine one's entrepreneurial income from different sources on a private bank account while contributing towards health and pensions insurance. While the solution bypasses the issue of worker status, applying it in the existing social security framework renders much of its benefits unreachable for the most vulnerable workers. Users of the solution mostly find its benefits in reducing the administrative burden as their income was either too low or too hectic to receive a continuous health insurance. As e-government practices evolve, hybrid (private-public) and digital solutions will become more prevalent in replacing more traditional approaches of social security solutions. This requires thinking through the policy design to respond adequately to changing social security needs of atypical workers.