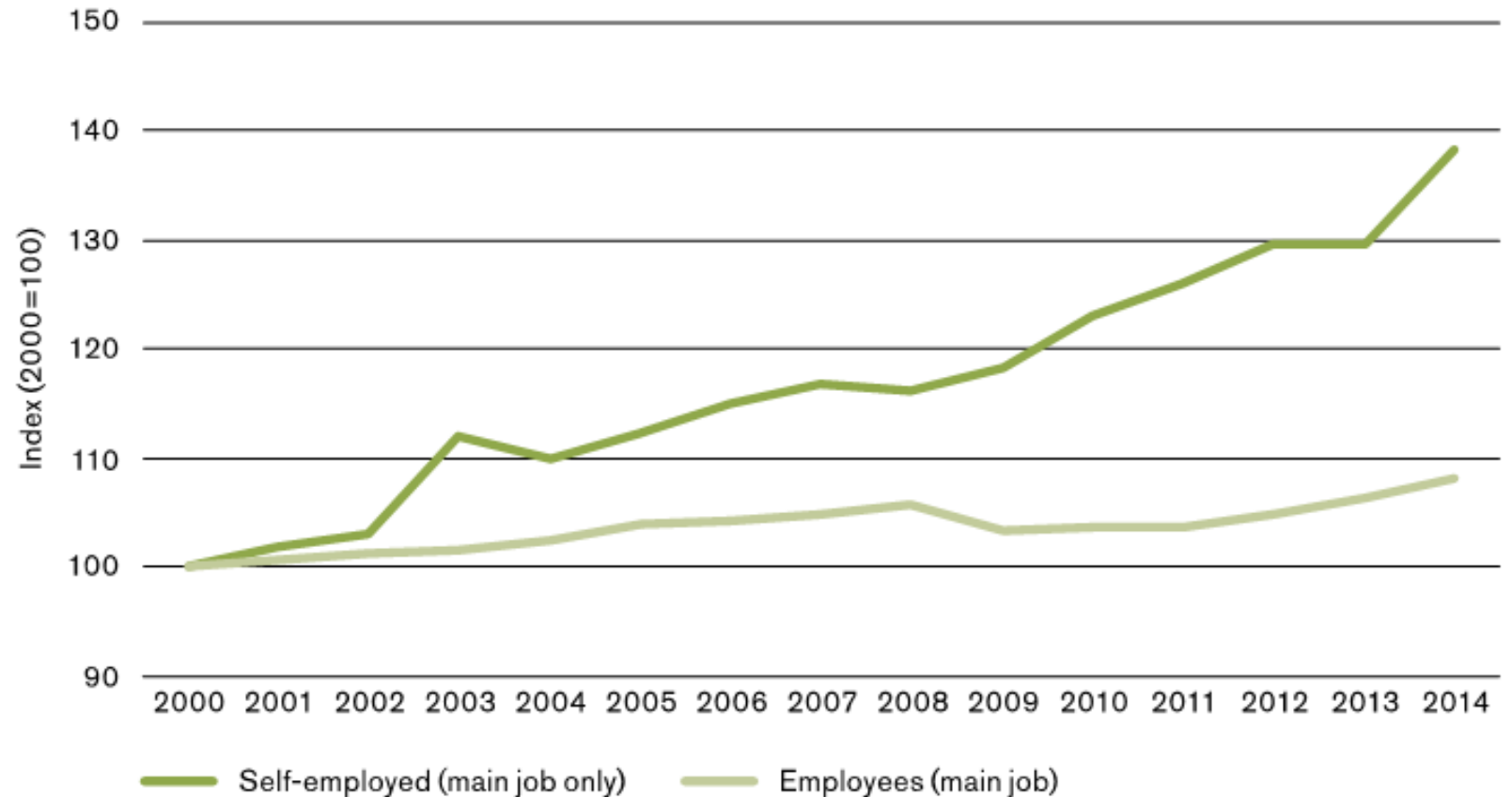


# **Rags to Riches or Riches to Riches?**

**Digging deeper into the self-  
employment phenomenon**

# What's been happening?

*The growth in self-employment has far outstripped the rise in conventional employment*



Source: Labour Force Survey. July–September quarterly data 2000–2014 inclusive

# Is this a good thing?

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*The self-employed are more satisfied with their jobs and lives overall*

**Table 1: Satisfaction with job and life overall by working status<sup>24</sup>**

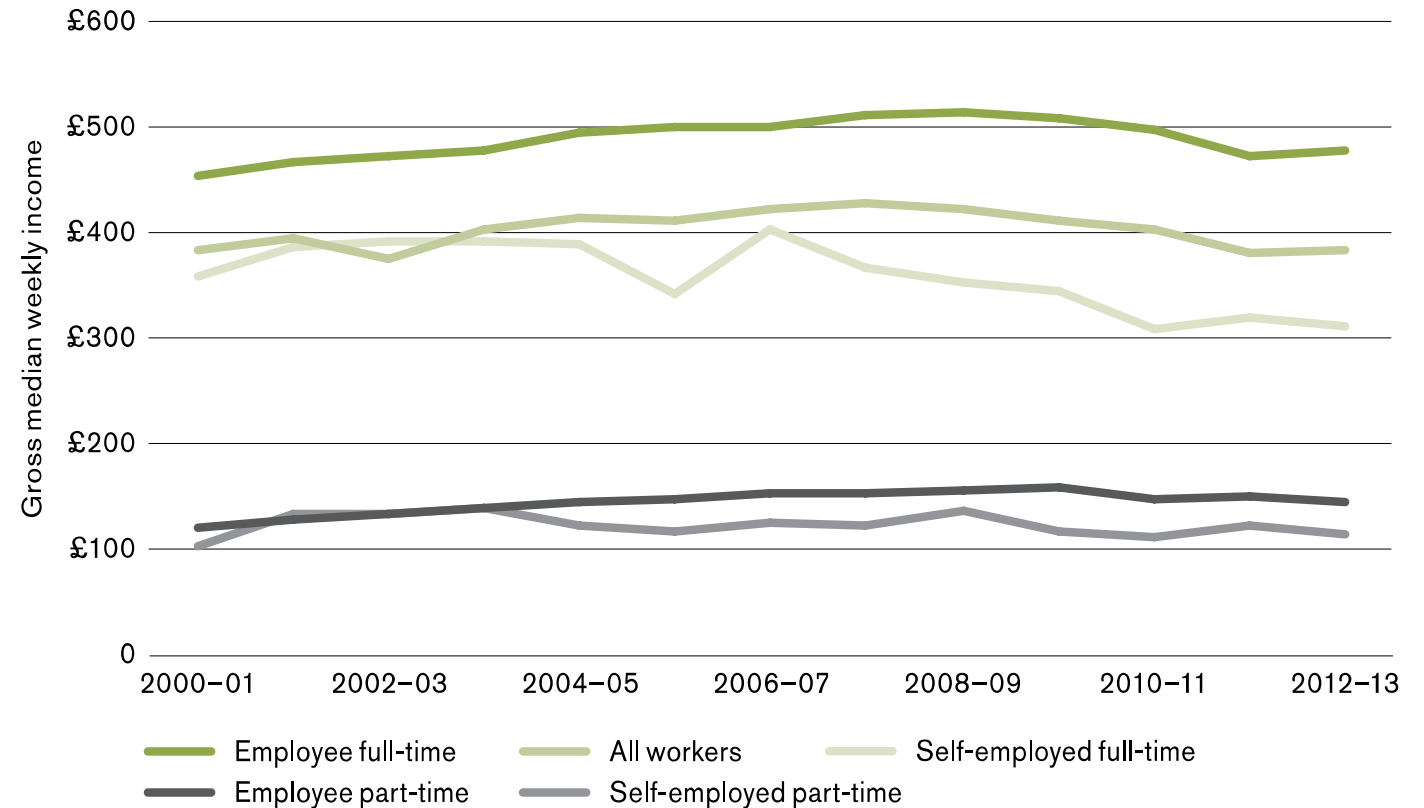
Satisfaction type	Employees overall	Self-employed overall	Newly self-employed (1 < year)	Long-term self-employed (>1 year)	Self-employed below the min wage	Self-employed above the min wage
<b>Job satisfaction</b>	76.2%	84.4%	83.5%	83.4%	84%	85%
<b>Life satisfaction</b>	75.4%	76%	77.6%	76.3%	74%	77.8%

RSA analysis of Understanding Society Survey (2011/12)

# A complex story on income...

*The full-time self-employed earn a third less on average than full-time employees – but their income grows significantly over time*

**Figure 4: Changes in gross median weekly income of the self-employed and the employed (PT/FT)**



# ...but no doubt about the hazards

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*The self-employed lack many of the welfare protections enjoyed by employees*

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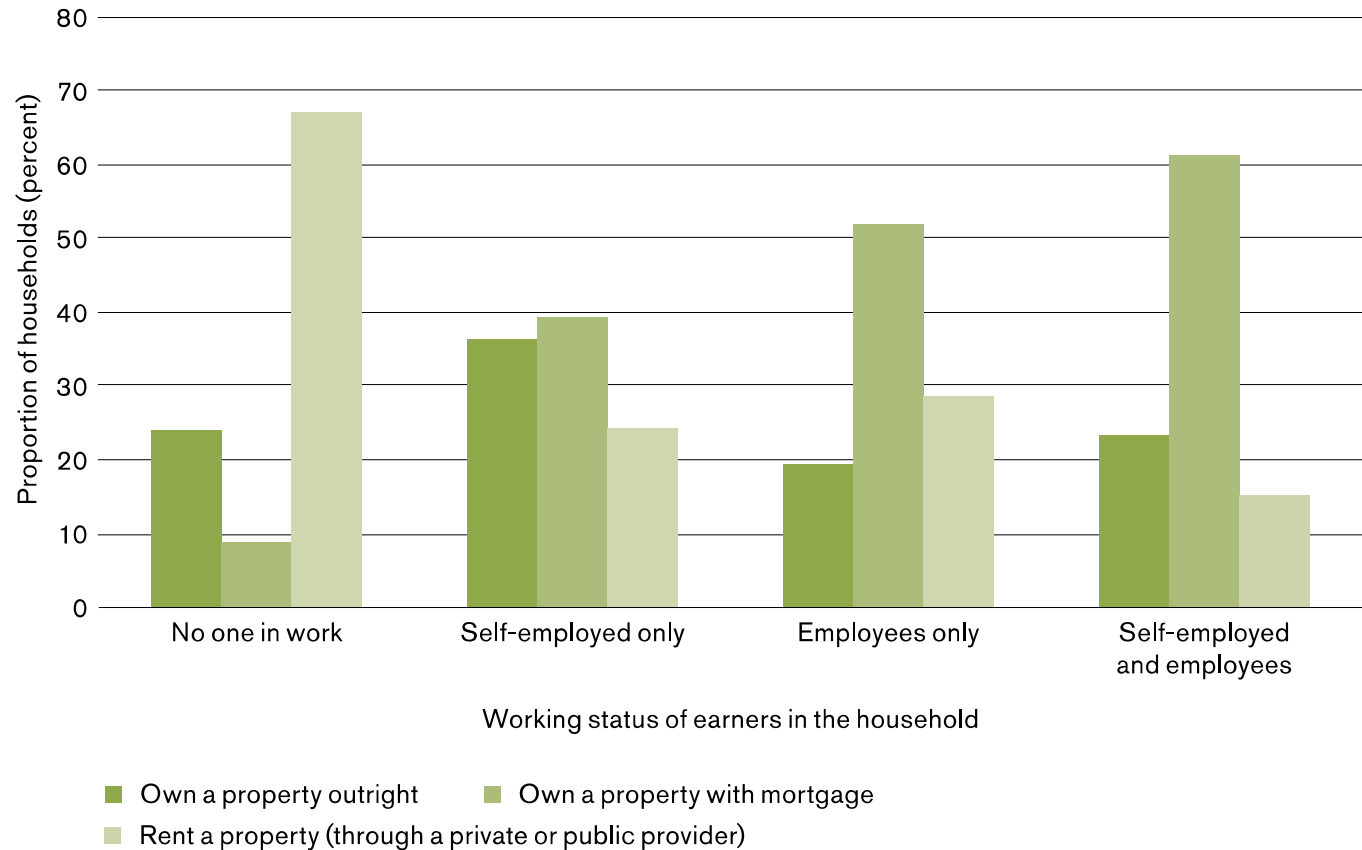
**Table 5: Social security protections not presently open to the self-employed<sup>72</sup>**

State-led	Mixed-responsibility	Employer-led
<ul style="list-style-type: none"><li>▪ Jobseeker's Allowance (contribution-based)</li><li>▪ Industrial Injuries Disablement Benefit</li></ul>	<ul style="list-style-type: none"><li>▪ Statutory Maternity Pay</li><li>▪ Statutory Paternity Pay (employers can claim a large proportion of SMP and SPP payments back from the state)</li></ul>	<ul style="list-style-type: none"><li>▪ Employer pension contributions</li><li>▪ Statutory Sick Pay (until recently employers could claim most of this back from the state)</li></ul>

# The preserve of the privileged?

*The result is that wealth has become a major factor in determining whether people can start up and survive in business*

**Figure 5: Housing tenure by household working status**



# Shaking up the policy agenda

*Can we create enterprise policies that stretch beyond the conventional triad of tax cuts, deregulation and finance initiatives?*

## ***The six tribes of self-employment (RSA)***

### **Visionaries**

Optimistic, growth-oriented business owners who are usually driven by a mission and a sense of purpose. They are more likely to be younger and male, and to employ many employees.

22%

13%

### **Classicals**

Generally older, these embody the popular image of the entrepreneur. They are largely driven by the pursuit of profit, and think the business is the be all and end all.

11%

24%

### **Independents**

Freedom-loving, internet-dependent business owners who are driven by the opportunity to vent their creative talents. They are typically younger and left-leaning.

19%

11%

### **Locals**

Relaxed and generally free from stress, these operate low-tech businesses which serve only their local community. They earn a modest income and many are close to retirement.

### **Survivors**

Reluctant but hard-working individuals who are struggling to make ends meet, in part due to the competitive markets they operate in. They earn less from their business, and are more likely to be younger.

### **Dabblers**

Usually part-timers, their business is more of a hobby than a necessity. A large number are retirees seeking to do something interesting in their spare time.

*\*Percentages refer to the proportion of the self-employed community who fall into these tribes*

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